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San Luis

SIX SHILLINGS.

THE
CORMORANT
OF
THREADNEEDLE STREET.

BY
JAMES ROBERTS,

AUTHOR OF

"One Sided Free Trade, a Gigantic Mistake," "Panics and
their Causes," The French Treaty a Terrible Mistake,"
"The Poisoned River and the Suspected Rivulets." &c. &c.

"LET MOLTEN GOLD BE THY DAMNATION

Timon of Athens."

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PREFACE.

On a subject of this nature it is to be expected that great diversity of opinions will arise upon almost every point that is touched upon; the reasons are that most of those who take up the subject argue from different bases or points; or in other words, that they form a judgment on what they perhaps have only superficially glanced at, or they blindly follow the opinions of men who have received great credit for committing what are now discovered to be most serious errors so far as the practice and result have shewn us.

It is to me a matter of little import whether my opinions are or are not accepted in my own time, but I feel perfectly sure that the deductions I have drawn, and now place before the reader in a plain and homely manner, will one day force themselves upon the reasoning powers of the then rulers.

Whatever may be the result of my labours my motives are totally disinterested and free from personality, I write under a strong conviction that I am just in my deductions and assertions, and have many times wished that I could find myself wrong that I might wipe the subject from my memory, I cannot do so, because day by day I see the effect being produced which my studies have told me must come so long as the cause is permitted to exist.

I ask the reader to start with me from certain given points as bases for my arguments, and to look upon them without being biassed by any recollection of the reiterated sentences to be found in the money articles of nearly every morning paper, these sentences evidently emanating from the same quarter, and which I have found to be totally erroneous. I am firmly of opinion that the views I have struck out are purposely shirked by many writers on the subject, who cannot help seeing that Lord Overstone and Sir Robert Peel made a great mistake in establishing the Bank Charter Act of 1844, which Mr. Joseph Hume and others well knew at the time, and in which opinions

the House of Lords also agreed as their Report upon the question entirely condemns the Bank Charter Act. I start then by propounding the following bases for our calm consideration, and I say

1. That circulating medium was originally invented and made to facilitate the interchange of commodities, trade, and to simplify barter, and not to shackle all such operations or give enormous profits to Banks.
2. That money or currency of any kind is valuable for its power of purchasing commodities, property, or necessities, and not for its own intrinsic value.
3. That the internal trade or domestic purposes of England and her Colonies could be perfectly carried out with a note currency as in Scotland and Ireland, provided £1 notes were also issued in England for general circulation, they being convertible into gold and properly secured.
4. That money never rises and falls—although the charge for the use of it may.
5. That a standard of value is as important as a standard of measure in conducting the affairs of the world; of which England is undoubtedly the great centre.
6. That the issue of notes should be a State prerogative only, and that the State could secure the validity and convertibility of its issues.
7. That 5 per cent. should be the highest charge made by a National Bank for the use of circulating medium, and that it should be lent on sound security only.
8. That no notes should be issued by the State or any other Bank unless based upon undoubted and unquestionable security, and that all should be payable in gold on presentation.
9. That interest of money at present means interest for the use of Bank of England credits or notes, and that to charge 10 per cent. per annum at any time for the use of notes is too much, as this charge has to be paid out of the profits of trade and passes into the coffers of the Banks.

10. That credit is a mine of wealth which England is possessed of, but as a nation has hitherto omitted to make use of, and that if she did so it could be made an enormous source of Revenue, as even Postage Stamps are now used as currency for small payments.
11. That the enormous increase in the wealth of England and her trade are the reasons why more circulating medium is required.
12. That if Gold were her only wealth England would be poor indeed, as there are less than 80 millions of coined gold in the country.

The object and end of my writing upon the subject is to endeavour to persuade the powers that be to look into it once more from my points of view, to examine the position of the nation as if it were simply the cause of an individual, and to consider whether they as private individuals would transact their own money matters as those of the nation are conducted. If one did so, I go so far as to say he would be considered by his fellows as only fit for a lunatic asylum, for no man in his right mind would pay the Bank of England or any other establishment £200,000 per annum for taking care and having the use of the government balances, a continual deposit, the average of which is upwards of 5 millions of money in hard cash, and which they have lent out at 10 per cent. in times of panic for their own benefit.

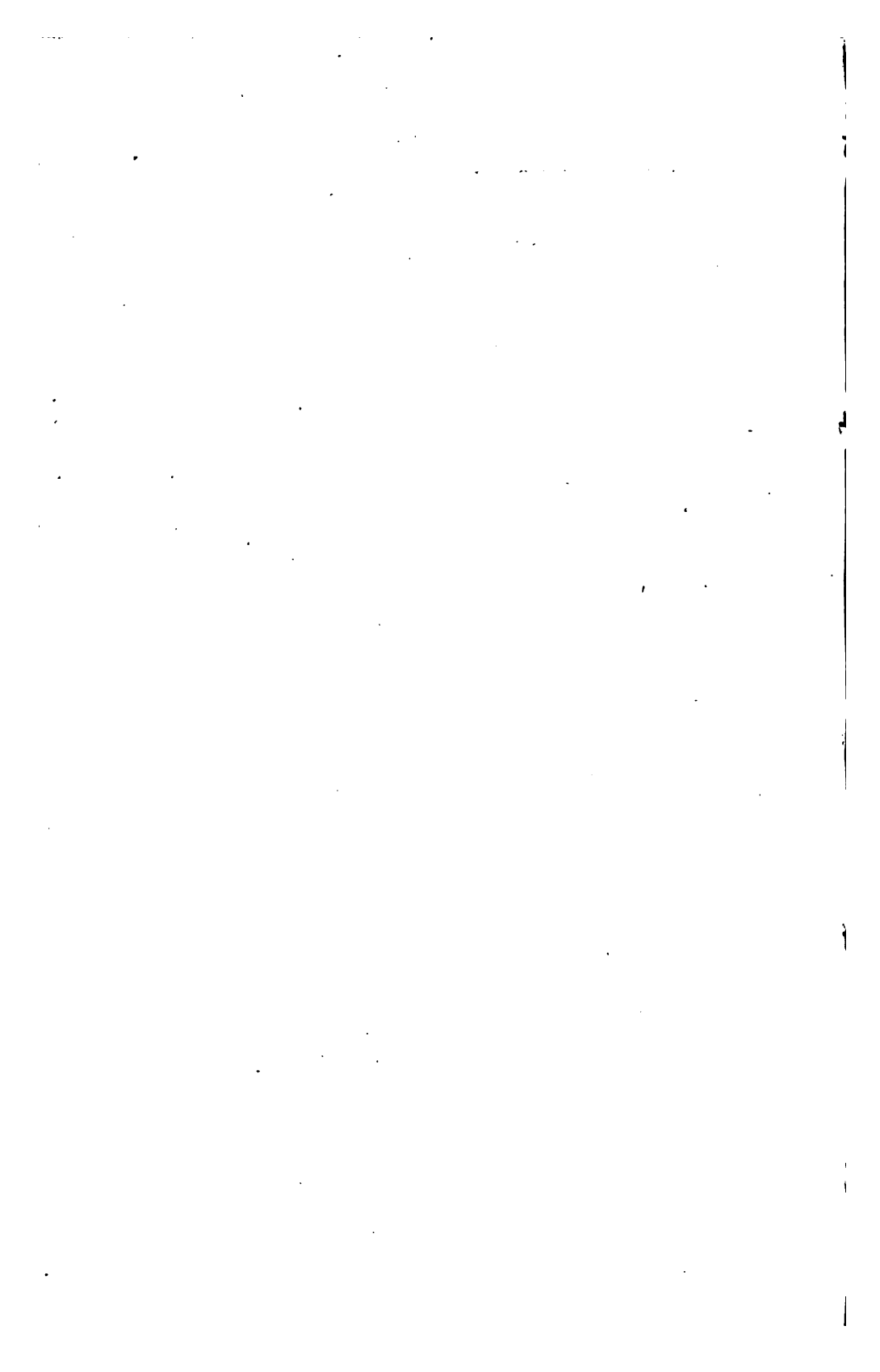
My earnest wish is to see the continual advancement of England and the happiness and prosperity of the people, and I will endeavour to shew that, if interest of money is double here to what it is in other countries, trade in England must periodically languish and be continually disturbed by panics.

I argue then that the Bank Charter Act is at the root of the mischief, and I will do my best to prove my case, believing as I do it is a matter of most vital importance.

I have the honour to be

Your obedient servant,

J. ROBERTS.



ON THE ORIGIN OF BANKS.

The origin of Banks is somewhat remote ; so far back as the days of the Crusades it is recorded that Banks were in existence, and in Venice in the year 1171. It is known also that there were Banks in Amsterdam in the year 1609.

Shortly before the end of the 17th century there was a kind of Banking carried on by Goldsmiths in England, but previously there were no Banks either in England or Scotland.

The Bank of England was originated in the year 1694, by the celebrated William Paterson ; its original capital was £1,200,000.

The Bank of Scotland was the first Scottish Bank. It was founded by John Holland in the year after the commencement of the Bank of England. He was an Englishman, but there were 11 Scotch gentlemen associated with him. The Marquis of Tweeddale and his son, Lord Foster, were the first subscribers. The capital of the Bank of Scotland was £66,666 13s. 4d. sterling to be subscribed by Scotland, and the rest up to £800,000 was to be subscribed by foreigners, so that the latter amount was to be the real capital of the bank ; the smallest share that could be held in the Bank of Scotland was 1,000 Scots, and the largest share that any one could hold was limited to 20,000 Scots, Each proprietor or shareholder had a vote for every £1,000 he held, so that the largest holders had 20 votes.

The Bank of Scotland was commenced in a first floor in Parliament Square, Edinboro'. This Bank had granted to it the exclusive right to the issue of notes in Scotland, and in January 1699 they first commenced the issue of £1 notes, but in consequence of forgeries and other causes the Bank of Scotland passed through various vicissitudes and temporarily stopped payment on two occasions.

ON BANK NOTES.

The reasons for the issue of Bank Notes are public convenience, as also for the Bankers' convenience, the payment of large sums hourly in specie would be a matter of great labour, much trouble, and serious inconvenience both to the payer and receiver, the holding and carrying of large sums of specie was formerly attended with very great danger and would even now be attended with some risk, and as the transfer of these large sums was found to be so inconvenient, Bank Notes were devised or originated, it always being supposed that the banks who issued them held gold enough to meet them on presentation, or in other words that banks were merely the trustees of the gold held by them, for the holders of the notes, whoever they might be.

It is easy, therefore, to see that so long as banks act faithfully to the public upon the original principle—the more notes issued by any bank the more gold it must have in its coffers—because banks knowing that they have to meet their notes in gold, would not hand them to anyone without receiving their full value in gold before they issued them for circulation; the fundamental principle, then, of honest banking is that every bank should be able to meet its engagements, or to redeem its notes by giving gold for them when required. But there are various reasons why banks, after having been well established and in full working order, have found that it was not absolutely necessary for them to hold gold for all the notes they had issued. In the course of years the total loss of bank notes is very considerable. Fire consumes many. Individuals lose them in a variety of ways, so that they can never be presented for payment; people have hidden or hoarded notes for many years, and by reason of the death of the owner they could not be found and have been entirely lost to the heirs, and the result is that such notes become an entire gain to the bank who issued them. A bank then, which has a very large issue of notes, may safely calculate that a reasonable per centage of the issues will never return to them for payment in any shape.

An English bank note is in some countries of more value than the amount which it represents, because it is easy to send home a bank note in a registered letter, and it is thus done with little trouble and comparatively little risk. To send gold from or to a foreign country is far more difficult and far more costly; on gold a heavy rate of freight has to be paid, and also a charge for insurance; and in addition to this there is a risk of robbery which is avoided by sending bank notes; in fact so dangerous is it that people in foreign countries, who desire to remit home money for any purpose, (bank notes not being obtainable,) prefer to purchase with their gold in that foreign country a Bill of Exchange drawn by them on some house in one country and made payable by them on a house in England, so that some rather prefer the risk of taking a Bill of Exchange on a house that may fail to meet it on presentation than to send home their gold. At the same time it is not to be denied that it frequently answers the purpose of the merchant who gives the Bill of Exchange on London, to pay to the owner of the gold a small premium in exchange for his acceptance on London or elsewhere; but the real effect of this operation is that the owner of the gold abroad lends it to the merchant abroad on the condition that he will repay him in England and if it were not for these Bills of Exchange there would be a constant arrival of gold from every part of the world, and also a constant departure of gold to every part of the world, each merchant carrying out his own individual transaction with his own individual gold.

There is, therefore, a great deal of economy in the arrangements of Bills of Exchange. It appears, however, reasonable, that for the purposes of Exchange, which means remitting money or its equivalent, Bank of England notes would be preferred by many persons who desired to remit money to or from England, more especially if those notes bore a trifling interest of, say, one per cent., because there is no risk whatever as to their ultimate payment, but it is sometimes difficult to obtain a sufficient number of Bank of England notes in

any foreign country when large sums are required, but I cannot see any good reason why the circulation of National; Government; or even Bank of England notes should not be encouraged throughout the world. If the premises are correct that the more notes an honest bank issues the larger will be the amount of gold in its coffers, and which I cannot see any reason to doubt, then there does not appear to be any sound reason for limiting the bank notes issued, as unsoundness would only commence with injudicious loans. If a foreigner is the holder of a Bank of England note, there can be no doubt that he gave gold for it or something equivalent—he did not get it for nothing, nor did the bank who issued it give it for nothing, consequently to all intents and purposes gold has been received by the banks for every note that is issued by any banks in England.

Bank of England notes may be found in almost every civilized country to a limited extent; we can see plenty of them in the windows of the money changers in Paris and other large continental cities; there is little difficulty in obtaining gold for them anywhere, because of the undoubted credit of the establishment. It can hardly be denied that during the whole time Bank of England notes are in circulation in foreign countries, that the Bank of England should be gaining the interest upon them, and that the holder of them is losing interest. If France chose to hold one million of Bank of England notes, which cost nothing but the paper and printing, it is evident that France is losing the interest on that sum; there is in this proceeding no difference between a nation and an individual. If an Englishman could obtain £1000 in gold from a Frenchman in exchange for his note of hand for £1000 payable on demand, the Englishman would have the use of the Frenchman's £1000 until the note was presented, and as £1000 is worth, say, at all times £3 per cent. per annum, the Englishman would gain the interest for the time which elapsed between the day he gave the note of hand and the day it was presented for payment, less only the cost of the paper upon which the note of hand was written;

it would therefore appear a most profitable and at the same time a sound and satisfactory transaction for the Englishman, and if this individual, such as a Rothschild in London, was in such unbounded credit all over the universe, that his note of hand was preferred in every part of the world to gold, because of its convenience for transmission, then it seems reasonable to suppose that this individual would never hesitate, and in practice does not hesitate to give these notes of hand in exchange for gold, whatever might be the amount or whatever might be the extent of the demand for these notes of hand in the aggregate, as the more he gave the more likely would it be that some of them might be lost or remain without being presented for a very long time. It is upon this very principle that numbers of the present banks in London vie with each other in the issue of circular notes payable abroad; these notes are a species of evasion of the Bank Charter Act, and are no doubt a source of considerable revenue to those who issue them.

So alive are some continental countries to the argument concerning the circulation of foreign paper in their countries, that some do all they can to put a stop to it, and it amounts to prohibition.

The question then arises of "what is a note?" A bank note is simply a token or representative of our standard of value gold; there is no intrinsic value in the note itself, it is an invention made by the people to conveniently assist in carrying on their trade, in order to avoid barter or payment in coins; but—If there were no notes in the country tomorrow, the country would not become any poorer—they would certainly have temporary difficulty in carrying on their business, but another system would be immediately invented to carry out the vast operations of trade; the parties who would suffer by a total annihilation of the note circulation would be those who issue them, and the more restricted the circulation of notes the more would their gains be restricted if interest of money was not raised, while the more extended the circulation of bank notes, the more does the bank who issues them gain. I cannot see any reason why any

private corporation, such as the Bank of England, should in these days be issuers of national paper money; this I am of opinion should be solely in the hands of the Government, otherwise a royal prerogative.

There can be no doubt that convertibility into gold is the essence of a note under whatever system it may be issued, and therefore it is desirable to adopt the best means to ensure this ultimatum, the question then arises of "whether practical and real convertibility into gold is to be attained by restricting the issues or by extending them." If the principle is laid down, that for every note issued the gold shall be paid to and held by the bank, then there could be no earthly reason for not extending the issues to an unlimited extent. If the principle is laid down that a given number of notes may be issued, say, 14 millions, *without* there being gold in the bank to represent them, and that all the others shall be represented by gold, then there can be no sound reason for restricting the issues also to an unlimited extent, because it is evident that—adhering to this law—if one million of notes were issued there would be one million of gold in the bank to pay 15 millions of notes, and they would thus be able only to pay $\frac{1}{4}$ in the pound; but if 100 millions of notes were issued, there would be, say, 50 millions of gold in the bank, and they would be enabled to pay about 10/ in the pound in gold, and after then it seems to follow that the more notes that were issued—adhering to the law—the more would practical and real convertibility be ensured, because it is much less likely that with a circulation of 100 millions, 50 millions and a half could be at once demanded in the most severe panic; than it is that 1½ millions should be demanded at once when the issues were only 15 millions. In the one case real convertibility would only terminate after 50 millions of notes had been presented and paid in gold, and in the other case practical convertibility would cease on the withdrawal of the one million. I therefore come to the conclusion that gold can only be drawn to the bank by extended issues of bank notes, whether circular or interest-bearing or otherwise; and adhering to the principle of holding gold

for every note which shall be issued up to a certain amount which shall be defined by the state, and I do not see any reason why the present limit of 14 millions should be departed from, but I do see very great and numerous reasons why there should after that be no limit whatever to the extent of the issue of notes, provided gold enough or real substantial security is held to represent and secure their practical convertibility. With the limited circulation or issue of notes in England, those that are hoarded, in circulation abroad, or positively lost for ever, have a very injurious effect upon the country that causes them to be issued, although they have a very profitable effect to the bank that issues them, the effect upon the country is that the circulating medium in the shape of bank notes becomes scarcer to the exact amount of those lost, hoarded, or exported notes, and also the gold held for their due payment; and because of this scarcity of the medium of transfer, interest of money as it is called, but which in reality means interest for the use of notes or credit, becomes higher and higher, and the country that made to itself a law that it shall limit its circulation of notes, is actually in want of what could be provided so easily and profitably to those who issue them. Under reasonable circumstances lost, hoarded, or exported notes should benefit some one, but by our laws they benefit no one, except ultimately the bank which issues them; on the contrary, they are to a certain extent an injury to all the rest of the community. The gold still lies in the bank ready to pay them—it is useless; so the the amount of gold they represent is totally withdrawn from circulation. The exported notes should be doing us good in interest, but they are not, because of our own laws, the gold also awaits them, and as for those that are hoarded they are also withdrawn from circulation, and the gold they represent is all simultaneously withheld from circulation. Can we be surprised then that in the course of 30 or 40 years that from these causes alone there must be a serious diminution in the intended circulation.

The lost, hoarded, and exported notes are ultimately

a benefit to the bank which issues them in two ways. First, some of them can never be presented and they are a clear gain. Next, the hoarded and exported notes have the effect of swelling the bank coffers with gold; and lastly, they have an effect on the rate of interest, for as every scarcity tends to this they exercise their power in that direction.

I cannot see any sound reason why there should not be an issue of £1 notes, which are really very much required. If the Bank of England and the country at large really wish to see large amounts of gold in the bank; what could produce so instantaneous an effect in this direction as the issue of, say 5 or 10 millions of £1 notes? A very large proportion of the gold absent from the bank is in use for domestic purposes and payment of wages; true there is frequently a hesitation to change a £5 note, but £1 notes would be readily accepted and I believe would be preferred to gold, as we find they are, both in Scotland and Ireland, the prohibition of the issue of notes less than £5 took place after the 5th April, 1829; but I cannot now see why they should not again be adopted. No doubt it would be some injury to the post-office revenue, as a £1 note would be frequently sent in a letter instead of a post-office order for that amount; but if the issue of them was a government business, as much or more profit would otherwise accrue.

The enormous increase of the population all over the world, and the enormous increase in the wealth of that population is the immediate cause for the necessity for an increase of circulating medium of some kind or the other, because the members of the world wish to transfer their productions one to the other—however numerous they become the work of transfer goes on daily by each and all.

The members of the world may use anything as currency or as standard of value in which they have confidence, for the purpose of buying, selling, or exchanging their commodities, but if it is paper money it should not vary in value; hence the necessity of its being based upon and payable in gold, the real and most widely

accepted standard of value. To suspend cash payments, cash payments being the law, is an open and professed insolvency—hence if the Bank Charter Act duly passed by our laws is suspended, this is to all intents and purposes a suspension of what are professed to be cash payments.

There is no analogy between an extended issue of notes by any other countries and England, because England has succeeded in obtaining unbounded credit throughout the world by a long course of upright dealing, and she need not be alarmed as to her notes not being accepted everywhere, provided they were issued under Government authority and on sound security; but it is most advisable that in all fresh issues as little difference as possible should appear in the complexion of the note. Few persons would be found, probably, to hoard notes of the Bank of France or any other foreign bank, because however prosperous and secure they may be now, more reliance is placed upon the notes of England—and even the notes of Scotland and Ireland are payable in gold on presentation.

ON CIRCULAR NOTES.

As our illustration of what would be the effect upon our Money Market, provided the Bank of England or National Bank Notes were circulated to the utmost extent possible, in foreign countries, our Colonies, &c., we may take for our example, "Circular notes" as justly to be placed by us on a similar footing, so far as their being profitable to the issuers.

At present the London Joint Stock, the London and Westminster, and all of the other Joint Stock Banks, as also Messrs. Coutts and Co., and some of the private London Bankers, issue circular notes payable at all the chief cities of the world; where they have for this purpose arranged to have agents; and these notes have now become so well known on the continent, that it is not now necessary to proceed to the special agent ap-

pointed by these bankers for the purpose of receiving gold or currency for these drafts, but any money changer now eagerly purchases them at their value according to the rate of exchange. So profitable has the issue of these notes been found to the banks, that we now frequently see advertisements in the daily journals calling attention to the fact, as the advertisers announce, that circular notes are issued by them. This must naturally cost a considerable sum; there is beyond this the trouble and expense for printing, clerks, and other incidental expenses, and yet it must continue to produce profit to those bankers or they would discontinue cultivating their issue. The object that the banker has in granting these notes to the public is that their circular notes shall be in circulation all over the world—in exchange for these circular notes when issued to the public banks receive—paid down in gold or its equivalent—the exact amount of cash they represent, and which is all they can ever be called upon to pay when eventually they return for payment. The better such notes are known and trusted the longer these notes are likely to remain unpresented, because they can be passed as currency from hand to hand—from country to country. No charge whatever is made by the banks on the issue of such notes, consequently all the profit they can receive is merely a question of the interest so long as the notes are in circulation and do not return to them to be paid.

If notes issued one day were returned a few days afterwards, there would be a small loss on that transaction as the few days' interest would not compensate them for the expense they had been at to issue them. Nevertheless banks can afford to take all these risks, and there can be very little doubt as to the profitable nature of such transactions, and this profit is not a profit on labour nor is it a profit on capital, but it is a new element of profit—a profit on credit.

Some of these notes, like other paper money, may be lost, forgotten, or mislaid, all such would pay the banks who issue them handsomely, and in some cases such as loss at sea would be clear gain, as they never would be

presented for payment. Banks are prudently silent on this portion of their profits.

An issue of Government notes of the same character would circulate as freely all over the world, nay, much more so, because although in some towns, prescribed payers are appointed by the bankers—to other parties in some districts they might be totally unknown; whereas English Government notes issued under authority of the Government of Great Britain would pass current anywhere and with all, in the British dominions especially, and as such notes being accepted for Revenue payments or taxes, would be beyond the ordinary vicissitudes of commerce, such as—the breaking of banks—it is natural to suppose that not only would they be esteemed everywhere as a circulating medium, but might even command a premium.

If, therefore, this system of circular notes can pay bankers with their limited circulation, how much better would it pay the nation if the nation chose to grant as many as were demanded? We should as a nation take an example from the bankers, and encourage the circulation of our notes abroad—no matter where they go to—the further they go away, the longer time they will take to come back again, and so long as they are away in circulation we should be gaining the interest of so much capital, which interest would in the course of exchange be found to be paid or lost by the party or country who holds them, and the holders would perhaps imperceptibly be paying the interest to us nationally and not to us as individuals. If, for instance, we had £50,000 of our Government circular notes in circulation in New Zealand, there can be no doubt that before New Zealand became possessed of them, we received their full value in gold; or its equivalent the produce of New Zealand. As these notes would not really be payment until they had been returned here for that purpose, this country would be saving the current rate of interest per annum during the stay of the note in New Zealand or until they positively returned to this country for payment. For the nation to adopt such a system as this would be taking advantage

of the vast extent of our national credit—this would be reaping a profit solely on the great name of England, and at the same time it would be supplying those countries who accepted these notes in payment with a secure circulating medium, and which at the same time was paying us a handsome profit, nay, a yearly income to which, in comparison, the Post-office and its Savings Bank would be quite infinitesimal. In the circulation of a large number of notes throughout the world I must here repeat that casualties would destroy many and would be a very large item in the profit of and issue of National Government notes, and would be a gain to the State. The great point then in these issues is to well guard them with real, positive, and tangible security; it would be utterly useless for the Government to issue them at all unless it was for the purpose of buying consols or lending them as money and of course gaining interest, because unless they did so the notes never could get into circulation, but of the nature and method of the issues and the securities to be required I will treat hereafter.

The circulating medium most in request is that which is most widely known all over the world as being perfectly secure; if therefore we encouraged and promoted in every way the circulation of our National Circulating medium all over the world, it is plain to be seen that the interest on the aggregate amount of circulation of notes abroad would be gain to this country, and we should be supplying circulating medium to all the nations of the earth. I will not proceed into the calculation of what revenue such a system would produce, because the visionary character of the amount might injure the argument in the minds of some; although it is a really logical and sound one. I therefore leave the figures to those who think proper to enter into the calculation, but it is self-evident that if the world generally accepted our circulating medium on the same terms that they take gold, considering one of equal value to the other as they now do Bank of England notes, the ultimate result to us would be that the most of our interest would be paid by foreign countries.

In order to exemplify this argument, we will suppose that Messrs. Coutts and Co. could in the course of years issue their own circular notes payable all over the world by their agents (but only payable by Messrs. Coutts and Co. on presentation in England,) to the extent of, say, 20 millions issued and constantly in circulation—because as fast as some came in to be paid others would be issued—what then would be the result to their financial position? Or perhaps if we knew the fact we might say, what is? First, it cannot be denied that if they had issued 20 millions of circular notes they must have received 20 millions of gold or its equivalent to command gold, viz., Bank of England notes in exchange for their circular notes, so that by the issue of these circular notes which which are accepted by the public solely on the credit of Messrs. Coutts and Co., they would be in pocket the amount of 20 millions in hard money, which they could use in any way they deemed it prudent; provided they at all times took care that they had funds to meet the notes as they were presented. That is all that could be required of them at any time, and local panics could not suddenly influence the holders of the whole of these notes—the profit then to Coutts and Co. on an issue of 20 millions of circular notes would, when the bank rate of interest was ten per cent. be two millions per annum, but if this amount was simply invested in consols, it would produce an annual income of about 700,000 per annum; well then, it follows that as the credit of the nation is even superior to that of Messrs. Coutts and Co., that if they adopted a like system they would profit to the same extent on the same amount of issues. If then the profit of an issue of notes would be so great, how can we reconcile ourselves to our present currency laws? How can we support a system which entirely nullifies the profit which should be made by the fact of foreigners holding our notes? Here is a case in point as an illustration, Navy Bills are issued to officers and others in payment from our vessels of war on foreign stations; any merchant abroad knows that these Navy Bills pass from hand to hand as current coin, and are accepted on the same terms

and considered to be as good as gold or bank notes. It is a well known fact that some of these bills have travelled about the world for years and have not been presented for payment for a period of six years after their date. If the Government was not gaining interest during the time that these bills were abroad in the world, that can only be attributed to their bad management, but cannot alter the fact that so long as a bill overdue remains unpaid, so long is interest gained by the party on whom it is drawn, and consequently interest is lost by those who hold it.

Whatever the increase in the issue or supply of British notes it would not enhance the price of gold—nor would the notes ever be at a discount so long as perfect security was held for the notes; but, even supposing that notes could fall to a discount, that could only injure the holder but not the issuer if he had received the full value in gold when he issued them. The only effect of notes falling to a discount would be that the issuer could purchase them for less than he received for them, and consequently he would not be injured as he would gain the interest for the time the notes had been out, and also the discount at which he bought them. There is nothing then to fear on this head, but I do not see how notes based on gold and real securities can fall to a discount. Notes issued by any Government and based upon nothing may fall to a discount, but they could not if they were payable in gold and based upon land or other good and real security. There is certainly no security so good as land; because land is growing food, whether we may make use of it in any other shape as a security or not.

Increase of circulating medium, viz., the gold discoveries, have increased our trade with foreign countries, and further discoveries would do so still more, and at the same time it would increase the power for us to carry it on. I argue that notes issued by our Government, as will hereafter be explained, which have land as an additional basis of their security would pass all over the world as freely as gold, provided they are issued before our present laws have so affected the credit of this

country, that the name of and credit of England passes away and that she is no longer the great supposed centre of wealth, or before another rich country adopts a similar system.

Bank of England notes pass all over the world *now*, and surely with the additional security of being based or secured on land, they would not circulate the less, and again let me urge that so long as our notes are away in the hands of the stranger, so much in interest would be gained to this nation.

No other country (unless perhaps Germany) could at present carry out such a system with the least likelihood of success. It is England only that could profit by such a measure. The reasons are plain and easy of definition. Her honour is undoubted, her credit hitherto unbounded, her resources infinite. With the failure of England would come the ruin of the universe; she is the heart and soul of commerce, the keystone of the mercantile structure, but appears to sleep over her vast national power—she will not take advantage of her vast credit, when she might by that means from the interest that would accrue to her to a very great extent support her vast expenses. England is more than either a Baring or a Rothschild; yet they profit, nay, live upon their immense credit, their princely incomes are all made from the interest on credit; and not, as many would argue, from the interest on their capital alone. If all their income consisted in the interest on their capital solely we should witness a very different state of things; they, however, have great credit and they know how to use it, so that it shall be profitable. It is not only these large firms, but we all individually take advantage of the credit we possess—if by so doing we can see profit—but as a whole and as a nation we appear on this point to be fast asleep. Panics awake us from our slumbers, and when men engaged in commerce find that the bank rate of discount has been raised to 10 per cent.; when there is a dread of another black Friday; when houses fail one after another; and that the run on the banks in London is not for actual gold, but Bank of England notes are taken,

notwithstanding, then enquiring minds feel that there is some mysterious error in our currency laws which needs examination and study.

CONVERTIBILITY.

I will shew that the bank of England notes practically convertible are not after all convertible in their entirety really. In the case of a panic the holders who presented the first ten millions of notes would be paid in gold, but many of the last could get none as the case stands at present. We have then to ask ourselves the question of why do we attach so much importance to an imaginary convertibility? And then also arises the question of—"Whether an extra issue of notes would render convertibility more difficult?" If the Bank of England refuses to advance upon unconvertible securities she has a perfect right to do so in justice to herself, if she imagines that by so doing she will reduce her power to pay in gold; but so far as I can judge by a close examination into the affairs of the bank, the more notes she has in positive circulation the more gold she invariably has in the bank cellars; so that if the object be an increase of gold in the bank, the way really to effect this would be to promote the circulation of the notes; because the Bank of England, as I have said before, is not in the habit of giving away notes, so far as I have heard, and consequently those people who get Bank of England notes give gold for them, or securities which are of the value of gold within a few weeks, the general rule of the bank being to advance for 90 days only; what then can be the objection to a further issue of notes, provided the country wishes to have them, and actually prefers them to any other currency, which was proved in the panic of 1866. In most civilised countries gold is the acknowledged token accepted in payment; it is not because of its value for any especial purpose beyond ornament; but it is because of its universal acceptance as a power of

payment. Copper may be taken at one place; Iron was at one time in one city, and Cowrie shells at present are on the West Coast of Africa, the medium of payment; but gold passes nearly everywhere—and for this reason it is valuable, but for no other reason is it really valuable. The object of convertibility is then that the holder may possess a material that has in itself a purchasing power all over the world. If you are not going all over the world you do not require it, and even if you were about to make a tour of the world, what would be the use of carrying with you the great weight of gold you would require, and at so great a risk? If you were going to Paris, or any other continental city, there would be no object for your converting a Bank of England note into gold before you started from England, because the note would be accepted as readily as the gold itself, and perhaps even more readily, as notes sometimes command a premium. If you are purchasing goods in the markets of England or Great Britain, there is no necessity for your testing the principle of convertibility, because a cheque or a bank note will answer every purpose, and you can pay as well with the one as you can with the other. Convertibility, if compulsory, would be a positive nuisance, as it would occupy a great deal of time in counting, weighing, &c., so that after all who can doubt that continual payments entirely in specie would be a most costly and annoying system, as it used to be found formerly in France, when, no matter what the amount that had to be paid or received was, it was paid in silver five franc pieces, and if ever anyone had for his own satisfaction tested that system he would have discovered that absolute and enforced convertibility was a punishment.

The object of convertibility is mainly to carry out the smaller, or what perhaps we may term the domestic payments, as the large ones do not require it. It is required where individuals, or it may be said nations, are of doubtful credit, or when we have to trade with those few uncivilized or peculiar nations who accept gold or silver *only* in payment. But these are but few in number comparatively—as nearly every nation will accept of our

legal currency in payment for what we buy of them. In fact, convertibility is a bug-bear, because bank notes are always, or generally convertible into gold anywhere, so are the London Joint Stock circular notes, so are Coutts and Co.'s circular notes, so are the notes of the country bankers, and those of the Scotch and Irish Banks—one description of note is as convertible as the other, the only difference being in the name or credit of the bank who issues and has to pay them, and to offer them at a discount would be to throw discredit on those banks, there being no necessity for it. No one attaches any importance to what kind of money he carries in his pocket or pays into his banker's, it is all the same to him if it will go; he does not convert all the kinds of currency, such as cheques, bills, post office orders, notes of all kinds, &c., he receives into gold, he pays them away again into his bankers, or elsewhere; but as the Bank of England note stands in the highest credit it is generally adopted and preferred as a medium of payment when actual money is required, from its being well known—better known than any other. Its convertibility into gold is, however, hardly ever thought of, demanded, or required, unless a large note has to be divided into smaller portions for the payment of smaller matters than the whole represents, and in amounts smaller than notes are issued for, so that here we may observe that an issue of a sufficient number of £1 notes would obviate to a very great extent the use and circulation of a large amount of gold, with which the people would be as well satisfied in England as they are in Scotland and Ireland, and why there is this difference in so very important a matter I cannot well conceive.

With regard to gold being required for the Continent, this arises from a want of confidence in the banks of their own country by the subjects of that country. The deposits in the Bank of England range from 12 to 21 millions, and are now much beyond that amount, and yet in the very height of the panic of 1866 the depositors in the various banks did not demand gold, nor did the depositors in the Bank of England demand gold to any

extent, but they were perfectly satisfied with Bank of England notes; nor do they, or did the depositors in the Bank of England demand much of their deposits from the Bank of England in any shape—on the contrary, they added to them in the aggregate, during the panic, to the extent of about 4 millions. Let confidence become seriously shaken and many of the deposits will be in a short time withdrawn and gold demanded for them. Convertibility would then be found to be what it really is—nothing but a dream, because there is not gold enough in this country to pay the amount the people hold in the various banks.

The Scotch banks have stood well in the late panic, we do not hear of any rumours of a run upon them, and the failure of a Scotch bank is a rare occurrence. Scotch bank notes are preferred to any other currency in Scotland; when you travel there gold is but seldom seen, all their circulation consists of notes based upon little more than the capital of the bank, while the real paid up capital of the Scotch Banks is generally invested, and their lending or working capital consists in the deposits of their customers and the notes they issue. Convertibility there, then, is hardly ever thought of. Scotch banks have prospered, and have done much good to the country, and gold is but little needed there. Notwithstanding all this, it is absolutely necessary that gold shall continue to be the basis of our currency, and that the practical convertibility of notes should be preserved, otherwise our notes would not circulate in foreign countries, except at a discount upon their representative value, and a doubt or suspicion would be entertained for them in our own country. The real enquiry to institute is whether “practical convertibility would be endangered by an extra issue of notes.” I imagine and argue that it would not, because the real object of notes is to displace, or enable banks to retain, gold. It has that effect, and the natural course appears to me that the issuer of notes on issuing them should give them either in exchange for gold or for securities to be paid off at the latest within 90 days, which, although not gold at the moment, can be made so

in a few days as they become matured or due—such notes having passed into circulation the gold which they have displaced naturally flows into the bank. It is my belief, from the careful study of the effects of such operations, that an extra issue of say 10 millions of notes of present denomination would have the effect of increasing the gold in the Bank of England to the extent of fully 5 millions within a few weeks of their issue ; and that an issue of £1 notes to that extent would have the effect of immediately increasing the amount of gold to almost the whole of the 10 millions, so that if it is desirable that a large amount of gold shall be permanently in the bank, the very opposite course to that which is at present adopted is the only way in which that object can be obtained.

A note of the Bank of France is as readily convertible as a Bank of England note, and yet the extent of their issues far exceeds the issues of the Bank of England ; the proof that extending the issues has the effect I argue is to be found here. The Bank of France held in the panic of 1866 an amount of gold almost double to that of the Bank of England, and yet there was no run upon the Bank of France ; and if we look upon the figures we may observe that if the Bank of England has issued 26 millions of notes against 12 millions of gold, and the Bank of France has issued 35 millions of notes against 21 millions of gold, they are both in an exactly similar position ; that is to say, that both have 14 millions of notes they could not pay in gold ; and that supposing both banks were to close their doors the one who had issued the most notes would pay more in the pound than the other. The result of the calculation is that a further increase in the issue of notes would not alter the position except for the better, but that 14 millions would be the amount of notes which would generally be found to have been issued without a good basis, and the reason for this is obvious to all who have studied the subject, and that is the permission given to the Bank to do so.

If we increased our issue of notes on sound security, the demand for gold would be lessened, so that gold would be readily obtainable. All the payments we made to

foreign countries in notes would be the means of driving gold to this country, because our notes are even better than gold, the facilities for their transmission here or elsewhere being so great and inexpensive; and I have not the least doubt that, were we to issue notes well secured, that the gold in the bank would ere long increase to an enormous extent, and their only difficulty would be what they were to do with it. Convertibility, then, I argue, would be easier than ever—interest would be lowered and circulating medium abundant.

Well, then, in order to provide for this present dream of convertibility, I argue that we forfeit the prospect of a more easy, a more certain, and a more extensive convertibility. And what does it cost us? It costs the difference of interest between 2 and 6, or 7, or 8 per cent. upon all the borrowed circulating medium required by trade; it costs us misery and trouble; it cripples and disables us in a variety of ways—and all this for a dream! All this because we do not finance in a mercantile or business-like manner.

Convertibility is only necessary, then, for some very especial purposes; and in order to have it ready for those purposes, what does it cost us? And would convertibility be abandoned, or rendered impossible if we increased our issue of notes?

In order to test the principle of convertibility, let the law be that everything shall be paid in gold and silver: it may as well be so if gold must be held to represent all the notes issued. Then, why not have convertibility in its fullest extent? Withdraw all the notes, and let the world and the bullionists rejoice in their principle and fancy. I wonder how long they would like this. How many people would they have to employ to tell over their millions? How long would it take Rothschild to count his loans of millions to Governments, and how many carts and horses to carry them? It would take him eight months to count £16,000,000, working 20 hours a day, and it would weigh nearly 1,200 tons. Well, if they will have perfect convertibility, let them have it, and nothing else. Give them a taste of their own loved law. It will not take the poor

man long to count his gold ; let the counting be the penalty of the rich, and no galley slave would have to work so hard as they. Here lies the proof of the folly and absurdity of entire convertibility ; they will have what they do not want or require—what they would not continue a day. Let them have it, the poor do not care ; but I fearlessly assert that such a law of restriction as ours is made to oppress trade and traders, to limit our affairs, to place all in the hands of the ready-moneyed capitalist, to support the strong and to oppress the weak, to heap gold into the coffers of the few at the expense of the bone, sinew, and ruin of the many.

It is said, then, that because of the great speculations which have been entered into that the Bank of England is quite right to put a stop to it. With this argument I perfectly coincide, if the directors could achieve their object ; but unfortunately for the facts of the case the Bank of England cannot stay the speculative mind from using his or her money in whatever manner they may see fit, for they are totally independent of the opinion or action of the Bank of England ; but not so with the unfortunate merchants who have nothing whatever to do with these speculations ; they have, perhaps, in ordinary times entered into heavy engagements for purchases made for export or otherwise, and for which they have given their acceptances, they have also received in payment the acceptances of the buyers, and when their own become due they wish to discount the bills of their customers. But, "No!" says the noble Bank of England ; because we have had a number of people investing their spare cash in ridiculous companies, and because some of these companies, concocted by artful promoters, have come to grief, we will not lend money to the fair and legitimate trader if we can help it, and if we do so it can only be at a high rate of interest—a rate which no merchant can afford to pay—and so it is not what are termed the guilty that suffer, but those who are totally disconnected with these what are termed overspeculations. Now, everything is called an overspeculation when it results in loss. It is not the enormous amounts of money that are invested

that causes loss, but it is bad management, whether the amounts be large or small, and I should therefore like to know what is underspeculation, what is overspeculation, and what is speculation, or the happy medium between the two, as I take it. One thing is quite certain, and that is, that the London banks seldom lend their money without good security, consequently people as a general rule do not speculate with the property of the banks, and when we come well to examine the question we shall come to the conclusion that those people who speculate on the Stock Exchange either do so on their own money or their credit on the Stock Exchange, so that the panic in the City is not caused by overspeculation in companies, as we are at present led to believe. What, then, are these panics really caused by? By whom are they caused? and is it possible to stay and avert them? And then comes the most serious point of all, and that is—What will they eventually result in if they are not properly dealt with?

The immediate and direct cause of a panic is want of confidence in money repositories, and a consequent demand for secure circulating medium which can be held by individuals in their own possession without the least fear of loss, that is, without any fear of the purchasing power of the circulating medium they hold being in any way diminished. The individuals who are the actors in a panic are simply of two orders of people—the one order is the banker, the other order is those who have money of their own lying in the care of the banker. The panic arises when the depositors *en masse* take it into their heads that it would be far better for them to take care of their own money. But why should not these people demand the money that they have at the banker's whenever they please? They have every right to do so, and now and then their power is exercised to the great alarm of the bankers, who have probably lent the most of the money on sound and good securities at good rates of interest, and when called upon so suddenly they find themselves in difficulty, although they are perfectly solvent, and as the people's demand is for gold, so must

they have gold, or if for bank notes then they must have them. It stands to reason that in the event of a run upon all the banks throughout the country, and without any run at all upon the Bank of England, that an enormous amount of circulating medium would be required simply to pay the just and honest demands of the depositors in banks. Now the banks in London are about 80 in number. There are elsewhere in Great Britain about 1800 banks, 260 of which issue their own notes, and the aggregate amount of the notes issued by these country banks is about 31 millions; this makes up a total, then, of, say, 1900 banks. Now, for the sake of argument, let us say that on the average each bank has the small number of 100 accounts or customers, this would make an aggregate number of 180,000 depositors in banks throughout the United Kingdom, leaving out London, or about 1 in 150, and which I take is a fair calculation. We must then venture upon the amount of money that the people have in the banks. Some have £2,000, £3,000, even £100,000; others have very little, but we may safely take the average at £300 each, because that is about the lowest calculation made by a banker as to what will pay his expenses. If there was not an average amount of £300 kept by the customer of a bank, then the bank would not pay its expenses. The London and Westminster and Union Bank of London have together about 40 millions of deposits, so that would give 133,000 accounts at 300 each, so that the amount of money that is deposited in the banks in London must be something enormous, and to take them all round at a million each is far within the mark. This very moderate calculation shows an indebtedness of banks to depositors of—

1800 Country Banks, say	-	-	-	50 millions
Ditto, notes in circulation	-	-	-	30 "
London	-	-	-	80 "

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Or a grand total of one hundred and sixty millions, which the people really have in the banks, leaving the Bank of

England entirely out of the question. The whole of these amounts are due to the depositors, in circulating medium, and are supposed to be positively represented by gold ultimately, or at all events in gold and Bank of England notes. One thing is perfectly certain—that they could not all obtain their deposits either in gold or bank notes, because there is less than 20 millions of coined gold in the whole country, and the notes in circulation are under 26 millions. Now we must not omit to consider, that a very large proportion of the coined money is held in the pockets of people for their domestic purposes, both by those who have, and by those who have not accounts at bankers; nearly every individual has some money in his possession, and an average of 10s. in the pocket, house, &c., of each person, would be a withdrawal of 12½ millions from the total circulation of 76 millions. A very considerable amount of Bank of England notes and gold of English coinage is away in foreign countries, so that, in stern reality, the deposits of the people *are not really in existence anywhere*, even in bank notes. Is it then surprising that panics should arise from time to time? and if the circulation of bank notes is thus restricted, there must be a recurrence of panics. Whether the members of a country speculate amongst themselves or not, it makes little difference in the total wealth, what one loses another gains and the amount in the country remains the same, but when the members of one country enter largely into unprofitable speculations with another country, then the loss is felt most seriously by the losing country; war, for instance, may be termed an unprofitable speculation. A great war, if confined to its own country, such as the last great American War, may be injurious in many ways to the people as individuals, but it does not materially affect the prosperity of the whole country, nor does it affect the money of the country, nor the quantity in it except to the extent to which they purchase their supplies of foreign countries; but a war in a foreign country by, say Great Britain, like the last Russian War, was not injurious to the English people at home, except in a monetary sense, a foreign war carried on in a foreign

country, drains us of our money and benefits the country through which our armies have to pass. America will soon surmount the cost of her intestine war, because, although the war was costly all the money was spent in their own country, some hundreds of millions were spent amongst the people in a very short space of time, so that thousands found an immediate benefit by war, and may have become rich, while on the reverse side of the picture the whole community will now have to annually hand over a portion of their future earnings, to pay the interest on the money borrowed during the war, so that no panic will arise in America, but if America during the war had made a law that everything must be paid in gold, or that only a few bank notes might be issued, there would have been a fearful panic in America. But what is the result? gold was for a time at a heavy premium, so that those who wanted gold for any particular purpose had to give more goods or paper circulation for it, than they had given before; the purchasing power of gold was greater than that of American bank notes, but those who did not want gold did not pay the increased prices, as they could obtain all they required by making use of the ordinary circulation of the country. But the last panic in London had nothing whatever to do with a short supply of gold, for the Bank of England alone held upwards of 12 millions, and the quantity of gold in the Bank of England on the very day of the panic, was actually increased, by payments into that establishment. I come then to the conclusion that the panics in London in the years 1847, '57 and '66, have been caused mainly by a want of an increased supply of sound circulating medium; each of these panics is said to have had certain special reasons for its origin, but, so far as I can see, they are all caused and produced by the self-same scarcity, and which has affected the public mind in different ways—first, they clamour for gold, and then they clamour for notes. If they run for gold, the bank raises the rate of interest, as they say, to bring the gold back again. If they have too much or enough gold, and the notes are being drawn out, then the bank raises the rate of interest, so that the notes may not go away so

fast; but this action is wrong, as will be shewn hereafter.

The next question is, "by whom are these panics caused?" I must confess, that they are caused by ourselves. We have amassed immense fortunes, and instead of keeping our money in our own possession, we hand it to a banker, he in his turn hands it to the Bank of England, and the totals of these amounts become so gigantic, that the holders of our own money become our masters. If every man were to hold all his own money in his own possession, there could not be a panic. We individually entrust our money-wealth to the bankers, and for which they pay us little or nothing, and the fact of their having so much of other people's money in their possession is the cause of their inflicting upon us the evils of high interest; our course then is simple, we have the remedy in our own hands if we think proper to use it. We are the cause of our own destruction, and therefore, let each individual draw all his money out of his banker's, let him proceed to the Bank of England and claim gold for the notes, and then we should soon see that the Bank of England would be the slave of the people, and not the people as they are at present, the slaves of the Bank of England. Why should not individuals in times like these, take care of their own money, for say a few months, or lend it out themselves on real securities, let them keep it all in their own possession, let all, simply to shew the failings of the present laws, make up their minds to pay and receive in gold, and if this plan were adopted, panics would be an utter impossibility. It is true, the bankers could not then make money, but the people would not lose so much either in interest or capital. This proposal however is merely theoretical, and although sound, as an argument, could not be carried out in practice. How then are panics to be averted? Panics can only be averted by the circulating medium of the country being increased in a certain ratio according to the increase of the wealth and population of the country. It is quite impossible that 30 millions of people, with hundreds of millions of property daily passing from one hand to the other, can carry on those exchanges with the same or a

less quantity of circulating medium than was permitted when the population was 20 millions, and the business transactions one tithe of what they now are. There is as much necessity for circulating medium as there is for blood in the human body, and inasmuch as the commercial body is continually becoming more extended and more extensive, so does the blood require to be increased in quantity. Gold is the heart of commerce, land is the indestructible soul, property and manufactures the bone and sinew, and industry the muscle. I have no desire that the soul should be destroyed, nor do I wish to interfere with the position gold holds, nor to argue in favor of any other basis for a currency, because gold is the accepted of the world and it is better than all others, but as the body cannot exist without blood, I wish to see the blood infused into the commercial frame, which perishes for want of the which can so easily be supplied.

What then will be the result of a succession of these panics? There can be no doubt that the destruction of a commercial house of magnitude is a loss to the country, because it injures the particular trade in which those persons are engaged, and deprives the country of one of the working bees of the hive. It does not follow, that because an individual is not working profitably to himself, that he is an injury to the country, he may be doing a great deal of good by his transactions, yet may lose his own money, and with it some of other people's, but losses arise from mistakes, and if a firm makes a succession of serious mistakes, it comes down. A firm may go on prosperously for a long series of years, and at last having made one serious mistake, such as an over purchase of cotton when cotton was at its highest price, down comes the price of cotton, and down comes the firm; they have lost more than their own, but if this very firm had for years been assisting with their capital, with their credit, and with their intelligence, to produce and import from far distant countries, a supply of a material so much required, they must have been doing good all those years, their failure then becomes a national calamity.

My view of the panics occurring in the autumn—as

they seem now to do is, that this is the time for the importation of foreign corn, which, as I have said before, must in a great measure be paid for in gold. Corn is consumed, and never returns to us any shape; all the provisions we buy out of our own country is a dead loss to the country, and must be deducted from our national income; whatever we pay to the stranger for raw material, returns again in some shape or other. Take it individually. All we pay the baker, the butcher, and the grocer is entirely lost and gone. If we could grow and bake our own bread, feed our own meat, &c., we have saved that portion of our income; the rest being trade or barter, will bear a profit, and is not lost. Panics like those we have had do not kill their enemy in the field, but they wound and cause a lingering death to many.

I allege then, that high interest, and the Bank Charter Act, are the principal causes of panics, because high interest breeds distrust, and the action of the Bank Charter Act enforces scarcity of circulating medium.

THE BANK OF ENGLAND, MAY, 1866.

The Bank of England is simply a Joint Stock Banking Corporation, its shareholders are those who hold Bank Stock, the present price of which is say ~~147~~ 147, and the annual dividend about £10 10s. for £100 stock. There can be no doubt, that the Bank of England has at all times conducted its affairs with great prudence, so far as its own material interest is concerned; the framers of the Bank Charter Act were evidently farseeing men, and there is not in that Act one single loop-hole from which the country can escape the thralldom of the Bank of England, so long as that Act remains in force. Nor is there one single point which could contribute to the advancement of the interest of the Bank of England, which is not provided for in that what I shall term very profitable "Government Contract," for the Bank Charter Act is simply a binding contract on the part of the nation, to support the Bank through thick and thin. Now we will

just endeavour to point out what are the advantages the Bank of England obtains by this Act of 1844.

The first advantage is, the exclusive power to issue notes in London, and as old country banks die out the gradual extension of that exclusive power to the country, so that in the course of a few years the circulation of bank notes throughout the country will be entirely confined to those of the Bank of England. The issue of bank notes is considered to be an advantage to the bank that issues them, under any circumstances, and so well does the Bank of England know the value of these issues that in order to retain the power as much as possible in their own hands, they compounded with 43 country banks and purchased from these banks their right to issue their own notes, provided they would in lieu of them circulate Bank of England notes, to which these 43 banks agreed on the condition that the Bank of England should pay to them 1 per cent. per annum, upon the total amount of the Bank of England notes that they put into circulation in lieu of their own; this is evidence that the issue of notes is of advantage at all events to the extent of one per cent., because all these notes were only issued under the existing laws on that head.

If then the Bank of England were prepared to pay one per cent. to country bankers, how is it that to the nation who have permitted them to issue 26 millions they pay nothing for the privilege? Surely the nation ought to be placed upon as good a footing as country bankers! If they paid the nation at the same rate as they pay the country banker, the annual sum they would have to, but do not pay, constitutes the first advantage they have, and that would amount to no less a sum than £260,000 per annum, being one per cent. on a issue of 26 millions. The second advantage given to the Bank of England, is, that she is permitted an issue of about 14 millions of notes, without having gold to represent them, because the Bank has lent the Government this sum—but as the Bank of England receives the payment of interest for this 14 millions, at the rate of three per cent. from the government, and as she also let out the

notes at the rate of 10 per cent. in 1866 ; it follows that this is a double advantage, if she gets only the 3 per cent. on the 14 millions, this we will say is legitimate interest for the capital, viz. : £420,000 per annum, but if she in addition to that, let out the notes at a further interest of 10 per cent., the whole of the amount received which would be £1,400,000 per annum, is a clear gain to the Bank, and however you may modify the rate of interest, the Bank obtains even to reduce it to an average of 5 per cent., even then there would be a clear gain of £700,000 per annum, and even if we calculate that one fourth of the notes remain unemployed, still there should be a very large and handsome gain left, after all expenses are paid, to the Bank of England, and I am quite within the limits of moderation when I say that the Bank of England profits under this second advantage are £300,000 per annum, over and above the fair interest of 3 per cent. upon the capital, so that the first and second advantages make a total of £720,000 per annum.

The third advantage is, that the Bank of England is the banker of the nation, and holds the monies belonging to the nation, and the amount of which balance may be seen weekly in the Bank returns under the head of "Public Deposits," the amount ranges from 3 to 12 millions, or an average amount in their hands, which can safely be depended upon, of, say 5 millions, this money they can let out at interest at the price of the day ; at one time they were receiving 10 per cent. upon that amount, or at the rate of £500,000 per annum, but in order to be at all times on the safe side in our calculations, we will take the average at 4 millions, and the interest at $2\frac{1}{2}$ per cent., or a total gain to the Bank on this head alone of £100,000, making a total on advantages first, second and third, of £820,000. The next advantage the Bank receives from the country is in hard cash, viz. : a payment of say, in round numbers £200,000 per annum for taking care of these heavy balances as above, and for managing the National Debt. Now in the present days of banking, we as individuals would act very differently to this ; I think it would be difficult to find one man in

England so silly, that if he held a larger balance than any other individual at his banker's, or did more business with them, that he would submit to be charged so much per annum for his account being taken care of, on the contrary, bankers act to their other customers in a totally different way. The customer who has little capital, and who keeps a small balance, is charged a sum per annum for his account being kept by the banker, and is by the banker even then considered an unprofitable or at all events a troublesome customer, but as the balance of the customers swell in amount, so does the banker's opinion of them rise, and the greater the balance kept by the customers, the more profitable are they to the banker, until at last they become so very profitable, that banks vie with each other who shall offer the greatest inducements, in order to secure such valuable accounts, and some of them go so far as to pay those customers who keep balances above £300, a rate of interest on the minimum balance of the month, amounting to perhaps one half of the usual rate. Well, no one can deny that the very best account that any banker can have on his books is the account of the nation—for more reasons than one—firstly, there is the vastness of the amount, for it ranges from, say 3 millions up to 12 millions. Secondly, it is regular in its action and can be relied upon, because the national balances are being added to daily, by the monies paid in; the produce of the taxation, and large payments made by the nation are paid at stated intervals, viz.: the time when the dividends on the National Debt are paid; at these periods the 9 millions of national deposits, then usually in the Bank of England are reduced by the payments of dividends at that time, say from 5 to 6 millions, this being accomplished, the national deposits again commence to swell in amount, until the next dividends become due, and so on. Such being the case the nation is certainly a very good customer to its bankers, what then is the reason why the bankers should make so exceptional an arrangement with so good a customer? I cannot blame the Bank of England as a simple Joint Stock Corporation, from doing the best it

can for its own interest, but I do blame those who have made and still continue to ratify so absurd a bargain; no individual would enter into so ridiculous a compact in these days of banking. Why then, therefore, should the eyes of those who have the control of these matters be so blinded? It can hardly be that they do not see it—because it is self-evident—I almost come to the conclusion that they are determined not to see it, at all events the Bank of England stock holders have reason to thank the powers that be for their blindness or great consideration. This brings us then to see that at present the bank should gain at the rate of £20,000 per annum, but she is not yet satisfied, the payment of the dividends on the national debt and the transfer of this stock involves trouble and expense, so it is provided that the bank must be additionally paid for doing this, and I think it will be found that the amount she receives under this head alone is more than sufficient to pay the whole of the expenses of the Bank of England and all its branches. Now the whole expenditure of the Bank of France and its branches is about £50,000 per annum, and the Bank of France is at the present time transacting a larger business than the Bank of England, so that supposing we set down the expenses of the Bank of England at double that of the Bank of France, viz., £100,000 per annum, even then the charge made for the management of the national debt will more than pay the whole of the expenses.

So much for the real ready-money gain and income that the bank receives from the country—but in addition to all this look at the position and prestige that the government bankers have over all others: they cannot be allowed to fail under any circumstances; they may suspend cash payments but may not close their doors, however much they were to lose by mismanagement or otherwise the government would still come to the rescue, and why? Simply because they are the bankers for the nation. But why should not the nation be its own banker? If the nation could have a banking establishment of its own at a cost of even £50,000 per annum,

this would surely be better than paying the Bank of England such enormous sums for doing what any other bank would only be too happy to do for nothing, and I would suggest that provided it was not thought advisable that there should be a "National Bank of Great Britain" in the hands of the government, that at all events there should be steps taken to put this huge monopoly on a proper footing; I would propose that advertisements should be put forth to the world of bankers requesting them to tender upon what condition they would undertake the management of the national debt and the custody of the national deposits, and it is quite within the power of the government to make a condition, such as "that the capital of the bank to which the control or privilege was entrusted shall not be less than 20 millions," and even with so immense a required capital as that, I would venture to say that the tenders would exceed six in number, and that the most disadvantageous offer that would be made as a tender would be to transact the whole of the government business, including the national debt department, without any payment whatever, as I am firmly of opinion that such a bank as the London and Westminster, or the London Joint Stock could increase their paid up capital to the extent of 20 millions in a very few days, provided they succeeded in obtaining the privileges of the Bank of England, and the country at the very lowest computation would save £500,000 per annum by the change, if the Bank of England was foolish enough to lose this business.

The constitution of this country is supposed to be Queen, Lords, and Commons, but there are two other powers in this country which in my opinion are important, and both of these should be arranged consistent with the public weal—one of the two is the press, the other the Bank of England, the latter is the one with which I have now to deal, and I desire to shew in what consists the power of the Bank of England. What is its constitution? and how does it act?

The power of the bank of England does not consist in its own capital of 14 millions, because these have been lent to the government at 3 per cent. but it consists—

1st. In the power given to it by government to issue notes.

2nd. By the government deposits.

3rd. By the deposits of the people.

4th. By its credit in consequence of possessing the first three advantages; these taken in the aggregate become an enormous weapon of power, we have collectively and individually created a huge monster establishment, which power it handles to its own advantage. It receives all your money and takes care of it, charges you for doing so, and then charges for the loan of your money back again; the less gold she has, that means the more you draw, —*draw your own money*,—which you have every right to do, the more does she charge for the loan of what remains for the purpose as stated of deterring you from drawing any more for your own proper or improper purposes.

You have given this huge monster such power that it alters the rate of interest as and when it pleases, and can get its actions endorsed as correct, when required, by the Chancellor of the Exchequer, and all this time its actions are for its own advantage, because the higher the rate of interest is, the more money does the Bank of England make, for she not only gets the increase on the rate of interest charged, but she lends out in times of what is called “pressure” on the Bank of England, an amount of money very much more than she does in times of plenty. When money is at or under 4% interest, the average amount lent out by the Bank of England rarely exceeds 18 millions as at present, whilst when money is at 10% the bank lets out, as stated in 1866, no less than 33 millions, so that the times of difficulty, panic and distress amongst the mercantile community are the times of joy, and revel, and profit to the Bank of England; and this profit is, I am glad to be able to say, extended to her clerks, who in 1866 were very properly allowed to participate in the success of their employers, and lately were paid bonuses to the extent of £23,000 by way of additions to their salaries; not because *they* have to work harder, but because the mercantile com-

munity have to work very much harder to support the bank profits. I argue, then, that the Bank of England has too much power; that the rate of interest should be varied by the government alone, and not by a Corporation which profits by its own alterations and enactments. I argue that government should be our money rulers and not the Bank of England; and that if it were found necessary to increase the rate of interest, as it is frequently increased, that the country should receive the profits which are thus drawn from the trading profits of the community, whether they were received by the bank or the nation. What then is the constitution of the Bank of England? The bank is conducted by a number of directors and by the paid officials of the bank. There can be no doubt that although there have been one or two instances of the failure of a bank director, that as a whole these men are drafted from the most wealthy portion of the mercantile community, and that many or most of them are very large holders of bank stock. But however wealthy and respectable they may be, it can hardly be supposed that the intelligence in the bank parlor is so superior to that of all the rest of the people of England, that they should be allowed to restrict people from carrying out their business in their own way; whether they choose to speculate or not. It is of course reasonable and proper that the bank shall have the power to refuse to lend money that she has not got, but to put forth to the world that she raises the rate of interest for the purpose of stopping gold being removed from her vaults—which gold belongs to the people that take it away and not to the bank—is charging one set of people heavy interest for the operations of a totally different party; in fact, punishing the innocent for the guilty. If speculation ought to be stayed why not stay it by law and not attempt to do so by the acts of a few directors whose views may be totally in error, and whose actions upon those views may have a totally different effect to that which they anticipated; for instance, when what they term a drain of gold is taking place, that is when many people are calling to get their own money, and prefer

for certain reasons to hold it in gold, or, are presenting notes for payment, which they desire to be paid in gold; if these people had no right to it they could not get the gold, so that all they do is to draw out what they are entitled to have at once, simply because it is their own. What they are about to do with it is not the business of the Bank of England, yet they make it their business, or it is said they do, and because of this what they call drain of gold, they raise the rates of interest to all England. This course of action cannot affect the man who has taken away the gold, but it seriously affects those who do not want to take away any at all, and require temporary loans of notes on good security, for these have to pay a very heavily increased rate of interest. I argue then that Bank of England directors are no wiser than other people, and that not to them alone should the immense power of controlling the whole monetary affairs of this great country be left; because their acts have a more immediate, widely extended, more telling effect, and a more rapid influence upon the affairs of the world than any of the most important measures passed in due form through the Houses of Parliament and carried into law, with the sanction of the nation.

By all means let the bank have power to refuse to lend its money. but by no means let it have the power to affect the whole commercial community. The state alone should hold these scales. The Bank of England is simply a trading co-partnership, a Joint Stock Bank like any other, and not—as is supposed generally on the continent and by many people in England—a state bank. It has all the profits of a Joint Stock Bank to divide amongst its stockholders, and all the privileges and powers that could be possessed by any state bank, so that it stands in a most enviable position; its original stock of £100 being worth £247, and the annual dividend being sometimes £10 10s. per cent. The next question is, How does it act? From what we read in the newspapers one would imagine that the Bank of England will lend to any one who has good securities to offer, but this is not so, in fact the Bank of England at any time

only discounts for a certain class of the trading community, and these must be properly introduced to the discount office by a director or other important personage, and a middle class trader is in effect totally excluded, so that the Bank of England appears to be not only a huge monopoly but a close borough, in fact the aristocratic drawing-room of trade into which democrats are not allowed to enter. Let them inflict, as much injury as they please on their aristocratic members, if those members think proper to submit, but why permit them to destroy those who never enter the Bank of England to borrow money. There is no case in which any other bank can influence the rate of interest to any serious extent, but the moment the Bank of England increases its rate, so do all the other banks increase theirs; the effect being that because the aristocracy of trade have been drawing heavily on their bankers, the mediocracy and democracy of trade have to pay equally with them, a high rate of interest.

Now let us look at what was the real position of the Bank of England by their own return on June 1st, 1866.

The position was as follows:—

Notes issued ...	...	26,484,205	
Less ...	...	415,410	In Banking department.
		26,018,795	
Other Deposits...	...	20,467,080	These are the deposits of private individuals, which can be drawn out at any moment,
Government Deposits...	6,188,759		These are the monies of the Government, that they can withdraw at a moment's notice.
Rest ...	...	8,419,759	This should always be in gold.
		56,094,146	This total amount the bank was liable to pay in gold, with the exception of the Rest, which should be in the Bank in gold.

What had they on this day to pay it with, in gold ?

In the issue department	...	11,484,205
Banking do.	...	444,570

11,978,775

which would pay about $\frac{4}{6}$ in the £ on the whole of the liabilities.

The Rest or profit of the bank increased this week no less than ... 88,882

Multiply by ... 52 For 52 weeks at the same rate

Shews a profit of 1,768,864 per annum

on a capital of £3,000,000 really (17,000,000 nominally) or about 60 per cent., all the other capital being let out—but even on the capital of 14,000,000 this would alone and without the other profits of the bank pay a dividend of 12% and if £100 stock paying as it does, £10 10/ annually is worth in the market £247 if it pays 12%. it is worth $\frac{1}{7}$ th more 85

So that Bank Stock at that moment } £282 for every £100 stock.
was really worth at the least ... }

But this is not all. The bank had then let out at interest £33,447,463, which was paying 10%, so that this, if continued, would bring in an income of 3,344,746 on a capital of (the Rest) 3 millions, which is more than cent. per cent., or taking the whole capital of 14 millions, shews a profit of 25 per cent. So that Bank Stock would be worth 617, to which price it would rise, provided the rates of interest and profit in 1866 were to continue, and this is without taking into consideration the amounts paid by government to the bank, which amount to a large sum, say—

8 per cent on 14,000,000	...	420,000
Management of the National Debt	...	100,000

For the Government accounts ... 520,000 per annum.

which will alone pay a very large dividend on the capital of the bank.

The contrast between the Bank of England and the Bank of France is somewhat extraordinary, and clearly proves that whatever be the sagacity of the rulers of the

Bank of England, the results are much in favour of the Bank of France, hence we find at that period the available capital of the Bank of England was about—

		8½ Millions.	
France	...	7½ "	
		Notes in Circulation.	
England	...	26 Millions.	
France	...	85 "	
		Gold.	
England	...	12 "	
France	...	23 "	
		Deposits Payable on Demand.	
England	...	20 "	} This shows that the people of England are richer than the people of France.
France	...	12 "	

And the total expenses of the Bank of France and its branches is about £4000 per month.

We may learn from this that altogether the Bank of France is in a better position, and strange to say it shews that she has in a country with a much smaller trade, an issue of notes beyond the amount of our issues, of about 9 or 10 millions, and yet has fully that amount of gold on hand, more than the Bank of England has, so that the extra issue of notes seems to have displaced the gold as currency, and the gold as a natural result has found its way into the bank, and this would in my opinion be the immediate result of an extra issue of Bank of England notes, so that I totally disagree with any restrictive measures being adopted in times of distress, as they have a totally opposite effect to that which is intended or required. If the Bank of England really desired to have more gold in the country, there is a course by which they could not fail to obtain it. Let them collect all the bills now in circulation in this country drawn upon foreign countries. Let them send these bills to the respective countries upon which they are drawn, then discount them there at the current rate, which in most countries is about one half of the current rate at the Bank of England, draw the gold and bring it over to this country, this would be the course a wise merchant would not fail to pursue.

The weaker the Bank of England appears to be to a casual observer the more money she makes, because Government deposits do not alter.

Private deposits do not diminish, but rather increase.

Bank capital does not diminish,

But the rate of interest does increase, with her inability to pay, and the higher the rate of interest the more profit does the banker gain. The capital of the banker properly lent out never falls or fluctuates in value; the profit on the loan of it fluctuates. So that it is only the banker's profit that rises and falls, and when the word cheap or dear money is used, it is quite an erroneous observation, and instead of cheap or dear money, we must see that money is always the same, but the cheapness or dearness is what is paid for the loan of it for a certain time.

We will conclude with a suppositious case—

Suppose we take the gold in the Bank at 12 millions.

The Issue of Notes being, say ... 26 millions.

Present notes for gold and deduct the 12 millions of gold thus demanded; withdraw 12 millions of notes according to the Bank Charter

Act, and there will be ... 14 „ of notes left in the bank only & all the gold gone.

Let the public deposits be withdrawn of 6 millions.

The Bank would then have left ... 8 millions of notes and 20 millions of securities to pay.

Notes... 14 „
Private deposits 20 „

84 „ in all.

What then would those 20 millions of securities be worth in the event of a run upon the Bank of England, and *that* after all is the real question, viz.: the validity and soundness of these securities, independently of the bank. If those securities consist in commercial bills, two-thirds of them would be unpaid; if of government securities, their value would fall one-half; if of commercial produce, there might be a loss, but not so heavy a one as on the two former; if on landed securities, in all probability

there would be no loss whatever. A restricted currency was the work of rich men, the Bank of England would gain more than a million per annum if high interest continued. The Bank of England has a nightly guard of soldiers ; this may be a trifling matter, but the bank should pay for it.

The space occupied by the Bank of England in the heart of the City seems to be a great waste. As the land being so valuable, a considerable portion might be spared by the bank, and yet leave ample space for all purposes.

From 1819 to 1844 the bank was entirely responsible for its issues.

The Bank of England has too much power. A few bank directors hold in their hands the authority to stay speculation, to stop the export of gold, to increase the value of money at their will, to pull up, or allow to go on, houses of the first magnitude, to prevent the ordinary business of the day being carried on with spirit, and, in fact—without enumerating all its privileges—I may say that the power of the bank is beyond kings, lords, or commons—all must bow to its dictates—it is supreme. True, it may be proper that speculation should be checked. but no one has any right to check the speculation of those who do so with their own means ; and the greater part of all kinds of speculation is carried on, not by men of straw, but by men of money. It may also be nationally beneficial that the gold should remain in the country, and that the exportation of it should be prevented ; but, again, this transaction is always carried on by men of capital, and with their own money ; and if the Legislature wish the gold to be kept here they should legislate accordingly, and not leave the power in the hands of a few bank directors, who profit by their own enactments, alterations, contractions, and expansions of and in the money market, so completely in their hands. You may depend the heaviest tax we pay nationally is interest of money ; we may find fault with the high price of corn, but even food, or the price of it, is not so important to a nation's welfare as the price of money. We must have money to buy corn, so that, if in the first instance we

have to pay dearly for the money, it is logical to say we thus pay dearer for the corn. If we have the money in our own banker's, we pay nothing for it; if we have to pay 2 per cent., it costs us 2 per cent. more, evidently—and if 7 per cent., to that extent must the cost of our food be increased. The fundamental principle, then, of all legislature should be cheap money, so long as security is perfect and sound; and in such an important branch of our political economy another important principle should be “not to give all the power into a few hands.”

England's credit is undoubted and unbounded, yet by her own laws she prevents herself reaping the benefit of that credit. What would you say to a merchant in the City, who has in circulation acceptances to the amount of a million of money, making a law to himself that for every acceptance he issued he would keep in his counting house a like amount in gold? We should call him a fool. Yet the nation has passed a law to that effect, and is considered wise. If the merchant found himself short of money, who would be surprised at it? But that is the reason of the gradually increasing tightness. It must be so. We are daily increasing the intrinsic value of our country; daily the population is becoming more numerous; daily is our business becoming more extended, and no increase of money or circulating medium to carry on these operations.

Whether commerce is sound and steady or not, it is not the bank that should be allowed to raise the rate of interest; because this is merely acting upon the principle of griping money lenders, who charge higher interest as a man becomes poorer and more necessitous. It is the province of a national bank—or should be—to keep a constant check upon the price of money, so that it shall not rise in times of difficulty; and if notes based upon the security of land were legal tender, there would be no difficulty in their doing so, nor would there be the least difficulty in obtaining gold for those notes any more than there is at present in obtaining gold for Bank of England notes. But I argue that it is the Government who should be king of the money market, and not the

bank directors ; that the revenue should reap the benefit, and not the Bank of England.

The Bank of England is allowed to issue notes, because the Government owe the bank about 14 millions, so that this debt is all the foundation those notes have and all the security. This is evidently doubling a debt to 28 millions ; so that the security really amounts to nothing. Were the bank to stop, and which is quite within the range of possibility under the present restrictive laws ; and it is only a question of a few more years. Increase the population and the commerce of the country, and the bank *will positively be unable to proceed* under the present laws.

Were the British nation, for instance, to enter into a contract for any work in a foreign country to the amount of about £20,000,000, and which required the gold to be spent in that country and not in England, the result would be that the bank could not pay in gold. But, as the British Government is able to pay, and as the Bank of England is solvent, as also that our notes are taken as freely as gold, there is no necessity for this restriction, no necessity for fear of such a disaster, provided provision is made in time.

But it is incumbent on our lawgivers to provide now, and not wait until they are compelled. So sure as a man who is constantly spending beyond what he earns, even on his own estate, will at last come to the bottom of his pocket, so sure will England come to the bottom of *her* pocket. We spend far more every year than we earn in profit, because all we spend in buildings, and increasing the intrinsic value of the country, is so much dead capital, and we, as a nation, as much require circulating medium to enable us to go on, as the man who has improved his estate, and still continues to do so, requires something beyond his ready money capital.

And where is the harm of our nationally granting an increase of secure and sound circulating medium ? Where is the harm of our issuing more notes so long as they are safe and secure ? Where is the objection to our doing so, if it will add to our comfort and happiness ? Why should

we raise a stone to break our own heads, or a rod for our own backs? It is folly—sheer folly.

It is a customary thing to see in the journals that the bank have put on the screw, in order to put a stop to speculation. Now, I would ask, who are these individuals whose wisdom, &c. exceeds the wisdom of all the merchants and traders in London, that they are allowed to determine *when* we may speculate and *when* we may not. I wonder how far all their screw would affect those depositors who have 20 millions, if they thought proper to speculate with their own money and chose to draw it out? I think the screw would be on the bank then; and how far does any bank screw affect a man who pays ready money for all he purchases? The fact is, the Bank raises the interest when she finds gold going out of the Bank, but how it goes, or where it goes, it is not possible to know—and the reason why she attaches so much importance to the gold no one can define. The moment a man has it, he wishes to get rid of it in some way or other, so that he may increase his store. He would rather not be troubled with it in payment, if he could get notes or a cheque. Then, whence all the fuss about an article most important to a nation in bad or doubtful credit, but quite immaterial to one in good credit? England has unbounded credit—little gold will suffice for all her purposes; but she requires ample circulating medium, because her transactions are so extensive, so multifarious, and so wide apart all over the world. We have made to ourselves a golden image: our bank and its laws are our idols. The directors of the bank are the rulers of England—they rule *all*, individually and collectively. The Chancellor of the Exchequer, down to the humble merchant, must at present bow to the decree of the bank; they can raise or lower our profits at their pleasure. Let the nation have the power over the rate of interest, and not a few bank directors. The more notes we issue to the world the more gold shall we have in the bank; the more notes we have in circulation abroad, the more gold shall we have in this country—and for this reason: we will not accept payment in the notes or promises of other countries except at a very heavy discount; whereas all countries

will accept *our* notes in payment. Our notes are generally at a premium, because the balance is generally in favour of England. However much we may have from any country, we generally send them more in amount than we buy. The carriage is a large item, and we are the principal carriers. Corn is, perhaps, an exception; here we find the foreigner can find his own ships and men; and as these corn countries take but little of us their payment must be gold. If you would stay undue speculation, discourage the traffic in foreign railways and stocks. But this must be done by the Stock Exchange and not by the Bank of England; it is not the province of the bank to interfere with the operations of those engaged in commerce, as they probably know as well what they are about as the bank directors, and do not need their advice. The bank is quite at liberty to refuse to discount the acceptances of those they consider over trading; but increasing the rate of interest leads only to mischief, as other banks merely "follow my leader," and charge the same. During this time bankers coin money, merchants and traders gradually fall.

When silver was withdrawn from circulation to be renewed in 1798, there was a run on the bank, and they transferred accounts as low as £5. Bank notes were at 20% discount. Exchequer Bills at 60% discount. The Governor and Company then advertised for £1,000,000 capital, the notes went to par, then the Exchequer Bills were paid, and the Jew interests made large profits by the distress of the state.

In 1856 it was reported the Bank of France were about to obtain 6 millions of gold from the Bank of England. During the war the report was quite the reverse.

ON INTEREST OF MONEY.

Interest is supposed to be an amount of money agreed to be paid for the use of circulating medium, which belongs to another. The difference between discount and interest is very little, the meaning of the word discount

is purely commercial and means to convey that the interest is deducted from the total amount required to be received in cash, hence if a merchant discounts acceptances he receives the amount of those acceptances, less the amount of discount interest agreed upon for the time for which those acceptances have to run. The term discount is used in the sale of goods, the custom being to take bills at 3, 4 or 6 months in payment; discount is allowed to cash purchasers, this discount is simply the allowance of interest for the time the money is paid in advance, so that interest and discount are not very widely different in their meaning, although there is a slight difference in their effect.

To legally inflict a higher rate of interest upon a commercial community is simply to say that a tax shall be placed upon that community, It does not matter to the individual who is compelled to pay 10% instead of 5%, whether the extra profit gained by the party who has supplied the circulating medium be the Government, the nation, a bank, or an individual; whoever has the power to make such a law, has the power to inflict taxation, because this high rate of interest is one of the conditions upon which this circulating medium is only allowed to be issued, consequently whether the Government makes this law for the benefit of the nation or the Bank of England, shews whether they are alive to the interests of the nation or whether they without thought throw this immense gain into other hands.

Now when the Government extend the issue of notes and permit the Bank of England to depart from the Bank Charter Act, they evidently do so under the impression that the country will be benefitted to the extent of the interest on the issues that will be made after that authority had been given, and if it were so I do not see that the people need trouble themselves much upon that particular point, provided the effects were confined to those who trade with the Bank of England, but it is not so at all. The Bank of England have a good reason to give to the public why they keep up their charge; they have the power to use every penny of money they have

in the bank and lend it out at 10 per cent.; they can also lend out every note they have issued under the act of 1844, and the gold also at the same rate, and until the whole of all these sums are *totally exhausted*, whole of the 10% is gain to the Bank of England. So that the gain was according to their own weekly account at the rate of about £32,000 per week or approaching 2 millions per annum. Granted, that when they have thus exhausted *all* their own money, the nation would gain, but then is it likely that the Bank of England would even manage their matters so badly that they would issue notes for which they had to pay the public at the rate of 10 per cent. All they want is the power, but they never require to use it. If they had *not* the power the necessity would arise, but as they *have* the power this entirely has the effect of abolishing the necessity. The Bank of France had in 1866 24 millions of gold in her coffers, and the rate of interest is in France about 4%, and certainly not more than 4½%. Now supposing that the Bank of England required a supply of 5 millions of gold, it could immediately be obtained by them from the Bank of France at 4%, and on its arrival having 4 millions of gold in the bank, they would be allowed an issue of notes to that extent by the Bank Charter Act. So it is perfectly absurd to suppose that the bank will ever pay the nation 10% for what it really amounts to, and that is a loan of notes.

But mark the cruel effects of a high rate of interest. Banks and individuals succumb—produce of every kind, except provision and absolute necessities fall in value, and there can be no doubt whatever that a national bankruptcy would be the result if a 10% rate were continued.

The price of money is just as important as the price of food, because if we have to pay 10% for the money to buy the food instead of 5%, the difference in the price of the food is not less than 5%, consequently we have really to pay 5% more for the food, and it does not matter whether this 5% passes as profit to the Bank of England or as profit to the nation, still it must have the same effect on the consumer of the corn, and that is that upon

him a tax is inflicted of 5% at the least, if it was received by the nation as a profit, then we should receive a proportion of the amount back again in a shape of reduction of taxation, because if the profits on these issues amounted to 2 millions, and these profits went into the national exchequer, the revenue would be benefitted to that extent, but as the case at present stands the government are aiding and abetting a huge monopoly, and this tax inflicted has not only a simple effect, but it has a fearfully compound effect. If the Bank of England rate is at 10% it is well known that 2 or 3 per cent. higher is the rate in the ordinary market, because the lowest charge to those who have the privilege of discounting at the bank being 10%, those who lend to other parties charge usually an increased rate, the fact being that the Bank of England is the wholesale market for money, and the cheapest.

It may here be well to explain the nature of how money is obtained from the Bank of England even at 10%; it is not obtainable by the general public, because the bank only deals with a certain few of the aristocracy of commerce. In order to obtain loans of money from the bank, it is necessary that the party applying be highly respectable and well introduced to the discount department, either by a bank director or some other influential person, and upon this formula having been gone through the individual commences or opens what is termed a discount account with the Bank of England; when he requires loans or discounts the system is that the bills required to be discounted are submitted for approval to the discount department, and are by them either placed to his account in cash or entirely refused, and this depends upon the stability and name of the acceptors, as well as the party who offers them for discount. This shews then that the persons who have this privilege are few, comparatively, in number, and when we read in the daily journals that the bank is behaving most liberally to the commercial community, it means that they are discounting proper bills brought to them for that purpose by this select few. As for all the rest of the commercial

community they have to apply to their bankers or the bill brokers, and the failure of Overend Gurney & Co. had a material effect upon many, because they were the greatest firm who acted between the smaller class of the commercial interest, and although this smaller class are equally or perhaps even more sound at bottom than many of those who hold a higher reputation, nevertheless, these parties have a great difficulty in obtaining discounts, and when they do obtain them the rate presses most severely upon their profits.

The next position is that the rule and action of the Bank now is that as money becomes scarce the interest of circulating medium shall be charged higher; now if the case of circulating medium was similar to that of corn then it would obey the laws of supply and demand, but supply of circulating medium depends solely upon our own internal laws, circulating medium is manufactured and could be increased without any injury to those who have the power to increase it and with great advantage to those who require it. The demand for circulating medium depends upon the necessities and the expansion of trade. To increase the charge for a quarter of corn will not enable that quarter of corn to feed more than if it was at half the price, whether you lower or raise the price of a quarter of corn, it will supply food in exactly the same degree and will only satisfy the same number of mouths. In the same way there is at present only a certain given quantity of circulating medium in the shape of notes in the country, and whether interest is at 10 per cent. or at 3 per cent. this amount is not altered. At one time it is true that the Bank of England have fewer notes at home than at other times, but that is a question of the depositors' action in paying their money in or drawing it out, which they have a perfect right to do; if this is so why then should the rate of interest be increased simply because the bank has less money. If the bank does not feel inclined to lend money at all, she has a perfect right to refuse when she is short, as every other reasonable establishment does, but what is to be complained of is, that the bank shall have the fearful power of causing an

increase in the rate of interest everywhere, simply because they are short themselves; this is something like the fable of the fox who had lost his tail in the trap, urging his brother foxes to submit to a similar deprivation, but it has a somewhat different effect, because the deprivation of the money is an advantage in this case to the deprived, as all money not in the bank is out at interest. In times of commercial difficulty, if a government steps in with a view of relieving commercial distress, surely it is not relief in reality to insist upon a Jew's bargain and compel a payment of interest which is far beyond what should be paid, and interest for what? Interest for notes issued under the sanction and approval of government, notes that cost nothing but the paper upon which they are printed! From 1784 to 1844 bank rates were uniform with the exception of the year 1839, when for a few months interest was at 6%; all the other years it ranged from 4 to 5 per cent., and between 1847 and 1855, there were 26 sudden alterations—

April 52, $2\frac{1}{2}\%$.

„ 53, 5% .

„ 54, $5\frac{1}{2}\%$.

Crisis in 1854.

1855, severe pressure.

High rate of interest will continue under our present laws—not continuously, but by fits and starts—when we are necessitous, made so by our own laws, then we must pay any price; but as high interest will paralise our trade and commerce, money will be withdrawn from it as insecure, and deposited at small interest with perfect security.

Commerce can never conform itself to high interest, because profits cannot become equal to the extra charge. The non-producer would be the only one who profits largely—the man who holds the ready money capital—and who is he? Mark! not we individually, but we collectively; we part with our money for it to be lent back to us. To-day money may be lent to me; next week my money to some one else, through our bankers—our bankers hold our own money, and lend it out to us

at as good a price as they can get. It is our bankers who reap the harvest now—not with their own money, but with the deposits of their customers, *i.e.* we ourselves. It is a golden idol we erect and support for our own destruction. The capital of individuals is principally invested in the funds and land; traders will gradually collapse because trade is carried on principally by paying high interest. High rate of interest will do the same to a nation that it would to an individual. Bankruptcy must be the result.

It is an immense increase of population *and the gold discoveries* that have caused the increase of our commerce. We have profited by this additional trade, but our currency laws prevent us enjoying the full benefits. We cannot carry on extended trade with the same amount of circulating medium any more than a merchant can extend his purchases without writing more cheques or accepting more bills.

All admit that the more business we have the more will the scarcity of gold be felt. Well, then, let them recollect that gold after all is merely a medium for transferring real wealth; and will not another medium do as well for that purpose—if so, why not adopt it? I have argued fully that a paper currency properly based cannot depreciate in value, and that there is ample security ready to be produced for this purpose.

Adhering to gold would stay enterprise, if gold was wealth and enterprise *could be stayed*. No rate of interest will bring gold to the country, it will only drive it out; because the rate of interest merely adds to the profits of the Bank of England and the other banks, at the expense of the mercantile and trading community. I do not see any justice in providing for those who live on the interest of their money, any more than other classes. We cry out for cheap bread—how can we get it if money is so dear.

I argue that the greatest taxation or drawback to a nation's profits is interest of money, and I would lower it at once.

These rates of interest are new. Whoever heard of 10 and 12 per cent. before Sir Robert Peel's Act? I shall not be surprised to see money at 20 per cent. if I live for 20 years, and no alteration is made in our currency laws.

Whenever an article is absolutely necessary and required by all, it is the business of the State to legislate so that the people shall have that article at the lowest possible price. So it is with bread. The corn laws were passed so that we might buy our loaf at the lowest price by allowing competition from every land. Money is an article we all require—equally important—and yet, is it right the use of it should go on increasing in value; and for whose benefit? Not for the million. No! let the million rot in goal so that bankers and money-lenders may prosper. Ruin every trader in the street but the pawnbroker!

Stop export; stop import; reduce labour; reduce wages; ruin the merchant and the manufacturer, that the bill-brokers may die worth millions. Cripple enterprise; curtail trade; put a clog on the operations and advancement of the world, that the paltry sum of 40 millions of gold may hold its sway; own no other king but gold! Gold is our god—the earth, with all its powers and productions, are naught. The miser in his dark and dismal chamber cares not for other happiness; heeds not food, drink, or raiment. Gold is all to him; the trees have no charms, the productions of man and of nature are lost to him. He has made to himself a golden image; nothing will contribute to his happiness but it.

Well now, we will come to the proof. Let those who idolise this gold hold it. Let them put it where law compels it to be, in a dark cellar. Let them clutch their gold and hold it fast—I wish they would. Think you that if we had no gold whatever, ruin would come to us? we have wealth—real wealth—gold is but its shadow.

We now take the shadow for the substance. Far better would it be for us that we be a nation of barterers, without standard or currency laws, than have a law which pinches us at every step.

In order then to provide against all contingences, we must have an elastic or expanding currency, upon the

same principle as when the business of a merchant increases and extends he issues more acceptances to enable him to carry on his trade—those acceptances are, as it were, notes founded on the security of the goods he purchases and holds.

The world of London does not seem to take notice of the enormous amount of capital which is daily sunk in buildings of every kind on our island; it is this that absorbs our ready money capital, as a very large proportion of the articles used in the formation of these buildings have to be brought from, and paid for, to foreign countries.

If an individual lays out all his money to improve his estate, and increases it in value cent. per cent., he is a rich man, perhaps, in income, though he is a poorer one in ready money. So it is with us, we are daily becoming richer by the profits we make in trade as a nation; but we spend a great deal in adding to the intrinsic value of our country; and under our present laws all this capital is perfectly dormant.

Our greatest object should be to make interest of money constantly in favour of this country. To do this, we must encourage the circulation of our notes abroad; as, so long as our notes are abroad, this country is reaping a benefit of the interest upon them; but it is useless to circulate notes if we compel ourselves constantly to hold by us gold to pay them all, because the one act nullifies the other. Our object, therefore, is to make a secure, safe, and undoubted currency—one that would circulate over the whole universe. High rates of interest must be added to price. High rates of interest curtail demand and limit supply. Of what avail is supply if we have no circulating medium to buy the supply, however much we may require or “demand” the article, we must keep ourselves within our means (in circulating medium, re-collect), not in our real means or real wealth.

The price of every article is ruled and influenced by the real cost of production and by the price of money as much as by demand, because, if “demand” ceases, money locks it up, and waits until demand appears. If demand ceases, production is for the time stayed. If “supply” is more

than "demand" requires, supply must be sold at any price immediately, unless money steps in to save the sacrifice; and if money is at low interest, it costs but little to wait for "demand," so that after all, circulating medium and "interest of money" regulates "price," "demand," and "supply." The profit of every article is ruled by interest. If interest is high, the production costs more—price, after all, means profit on production—as price is the cost of production, the profit for the labour and talent employed, and the interest on the capital, demand affects prices, but interest of money rides rampant over both supply and demand. If we reduce interest of money, we increase supply and demand, and also increase profit, although we may not increase price in the aggregate. "Interest is the price paid for the use of another man's capital." With this addition, that *credit* can, and does, take the place of capital, and that interest is paid for another man's credit often.

According to our monetary laws we gain nothing in interest by our notes being in circulation abroad, or lost, or hoarded. Gold must be kept, so they say, for all such. We must keep a lot of useless bullion in the bank to represent a note which is at the bottom of the sea. It must not see daylight if the notes are in New Zealand; it dare not come out for an hour, although the paper it represents cannot be here for a long time to come, if ever. The coin must be idle and useless to the whole world, and to us its possessors. Although we have spent our hearts' blood in getting it, it must lie as useless, and under as ridiculous a law as if we were to enact that no man should be allowed to till his soil until he had paid all the acceptances, or until he had all the title-deeds of the land in his own possession.

But the pawnbrokers would not gain so much if interest of money was reduced. Would that tend to injure the world? The bankers could not profit so much by the deposits of their customers. This surely will not prevent us carrying out any improvement. We boast of our liberty; what is more enslaving than a monetary bondage? How feels the debtor to his creditor—is he

much better than a slave? "He is under my thumb," is a common expression. Yes, that is slavery. He must bow to his ruler. The man of capital—banker, or whatever he may be, has his "sweating room,"—his room where the lash is administered. It is not a lash for the body, but it is quite as severe—it is a lash for the mind; and, strange to say, we make the lash ourselves. We, the depositors, are but one of the fibres that form the lash, that give the power collectively; we form a master from our own means, and that master reduces our profits when and how it pleases him. He charges you interest for your own money—he wields the power you have given him against yourselves—he is your mighty ruler. The Queen is an imaginary governor and ruler, but *he* is a real and practical one. You heed not the one; but you, as a commercial nation, tremble before the other. The Queen cannot go beyond the law; the bank directors can do as they please. They are the lawgivers in money, and there is no appeal. Such is the constitution of the most important department in the most important City in the world.

Interest of money is a tax on all. I will show you how it is so. Interest of money costs the state about 25 millions per annum; we are taxed in order to pay this sum; it must be paid, but it might be lessened; here it is a direct tax to all. Interest of money is a tax on the merchants and traders. This tax is increased or reduced at the will of the Bank of England. What merchant does not pay for interest in some shape or way? It cannot be abolished, but it may be made to fall less heavily on trade. The landowner feels it if he would improve his property—that property being all in land, he has to pay 4 or 5 per cent. per annum, which is the legal interest for money lent upon land; but he pays far more than that in reality. What with lawyers and agents the chances are he pays nearly double; and as rents rarely produce such a per centage, interest of money falls heavily on him. He has no heart to borrow to improve his estate when he knows that it can never compensate him—interest being so high; a tax.

too heavy. Many railway shareholders feel it. They laid out their money, doubtless for their own benefit, as they supposed, but in reality for the good of the nation. Expenses and additions are required to the railway, more rolling stock, etc., etc., the railway requires a loan. As the original capital did not provide for contingencies, and an issue of fresh shares would be injurious to the whole concern, a loan must be obtained, for which they must pay interest far beyond what they are receiving on their capital. Here they are taxed too much, as interest need not be so high. Every trader in London in some way or other pays for interest of money; this has to be added to the prices of his articles; so that the consumer pays at all events something for interest of money. Rents must be high, because the investment of money demands a certain rate of interest, beyond the bank rate. All feel the rent day, and all would be glad if rents could be reduced. If you can supply circulating medium at a low rate, rent must be reduced to a very great extent, as although, house rent being a rather speculative income, more interest is demanded to make up losses by there being no rent to receive sometimes, and to allow for repairs, bad tenants, etc., yet rents would be reduced very much by reason of the abundance of capital; and also because they would, to a certain extent, become security to find capital should it be required.

Interest of money has to be added to the calculations of all great operations; if, consequently, we could permanently reduce interest, all would have larger profits, but at present interest takes the lion's share of profits.

Interest of money affects shipping, much in the same way, the capital employed is required to be paid for—mines, collieries, all are affected—if we reduce interest we relieve all of them. Then why not do it?

If upon examination, each man admits that interest seriously affects him, will he just calculate to what extent annually he is taxed by it? Let him see what rent and discounts or borrowed money cost him; add to this his own proportion of direct taxation required to pay interest; then let him see how much it would be lessened were interest

of money reduced to 2 per cent., and he will arrive at the saving it would be to him; or, in other words, he will discover what he at this moment pays for supporting Sir Robert Peel's Bill of 1844 in what they call the integrity of the Bank of England note, which by their own statement has no integrity in it. This saving being calculated, even that is not all he will save, because there are indirect ways in which he will gain still more.

Every one who takes the trouble to read the daily accounts in the insolvent courts of the causes producing bankruptcy and insolvency, may perceive how often the commissioners animadvert upon the conduct of those who, in order to sustain themselves, rush to the money-lender and borrow money at a ruinous rate of interest. It is generally considered that when a trader pays above 5 per cent. for interest, he is fast going on the road to ruin, and I think it generally proves true, as no profit can stand against such rates of interest. It is not only the man who has not sufficient property to pay his creditors who falls into ruin from this cause, but there are many men of large property who are bad financiers who come to this end, although, when their estates are wound up, every one is paid in full; the entanglement of borrowing is so great, they cannot extricate themselves, which the high rate of interest daily adds to, and renders their position at last irretrievable. The man flounders on, hoping something will turn up, trying to patch up one day with a greater future difficulty. You find him on the day he has succeeded in making a fresh loan, a comparatively rich man, and, when pay day comes, again is he in the depth of misery.

So is it with us nationally. The country is perfectly solvent, indeed, immensely rich; the intrinsic value of the kingdom is something so great as to be almost fabulous; the profits made annually by the wonderful industry of the nation are also very great; but, notwithstanding all this, we do not seem to get ahead with capital or circulating medium, the balance at the bankers does not appear to increase, and it ought to do so, unless we are spending more than we earn, or trading beyond our means.

No matter how much gold comes in, it all seems to go out again as quickly, or even quicker, than it comes in. The reasons for this are various. All provisions and manufactures bought of the foreigner are a drain upon our gold, which does not always return. All the money we pay to the foreigner for the articles we positively consume is so much irretrievably gone; it does not come back in any shape. Every country should strain every nerve to grow and *make* enough for its own consumption. Our waste land should be cultivated, interest stops this and the country flounders like the man who is compelled to pay heavy interest to the money-lender. Panics are the periods when an effort has to be made to raise more money; they will increase in importance, recur more frequently, the interest of money will range higher and higher if we have not nerve enough to look into and see wherein the error lies.

We as a nation, are like the improvident bankrupt—we are increasing our difficulties as we pay higher and higher rates for the interest of money. If the Commissioners in Bankruptcy could look at the nation as they would look at an individual placed before them, they would say, "How could you expect to extricate yourself when you had to pay such high rates of interest?—you could not possibly go on," and the man would probably be severely punished for his folly; and so should our rulers be who place upon us this tax, when, with business-like examination into our affairs, they would discover that it is interest of money when, above 5 per cent., which is sapping our foundation and preying upon our vitals. These panics are the throes and convulsions: disaster will come if it is not altered.

To allow the Bank of England to issue more notes, and to allow them to use all the gold they now hold, is simply abandoning the principle of convertibility, and granting to the Bank of England additional powers of emolument. I do not for one moment intend to argue that practical convertibility could be any easier, than at present. The currency requires a great and sweeping measure of reform, and no half-and-half measures will be of any permanent benefit, because the population will go on increasing all over the globe, and eventually trade will be ex-

tended to an inconceivable extent. If, say, 20 millions of currency sufficed for our trade in the year 1808 and if 40 millions is found far too little now, our trade being so much increased; what may we expect we shall require in the year 1900, there being every probability of our present trade being doubled or trebled by that time? What, then, would an increase of 6 millions of gold and 20 millions of notes be? Positively nothing—we require more than that now, if we would lower interest, and by so doing remove the heaviest tax imposed upon trade, and at the same time remove the greatest clog to its increase and advancement.

If, with the facility of the magician's wand, interest can be changed from 7 per cent. into 4 per cent., is there any reason why it should be not be reduced still more even to 2 per cent.? If it is acknowledged that with so bold an effort our revenue could be benefitted to the extent of £800,000 per annum, there is as little difficulty as I have shown in benefitting the revenue to the extent of eight millions per annum, as the income tax could be abandoned were we to adopt a proper system with respect to our currency laws.

It is not a proper, nor a correct system to issue notes without their being founded upon some safe and real security—whether under sanction of Government or by private enterprise, it is neither just nor honest. A currency to pass all over the world, and be exchangeable into gold everywhere, must be well known to be sound at the bottom—not merely a scrap of paper, but it must be a representative of real value.

It is not a proper nor a correct system to hand over to a private company the national funds. The government are their own shipbuilders—why should they not be their own bankers? I cannot see any possible reason for the nation paying the Bank of England for borrowing their cash.

The world, perhaps, thinks the Act of 1844 is injurious to the Bank of England. Far from it: they net splendid profits in these times of pressure. As for any consternation in the Bank parlour about the exportation of gold it is a

farce. They know well they can have an Order in Council whenever they choose to ask for it that will nullify the Act ; but, in the meantime, they raise the rate of interest, thus adding to their profits, and, instead of any alarm, no doubt rub their hands with glee, as any individual would, who by his own decision could increase the market value of his stock from 30 to 70 per cent. at his option.

The rate of interest is *not at all governed* by profits—profits have nothing whatever to do with it. Interest is a positive tax, which has to be deducted *from* profits, The whole of the profits of the Bank of England are drawn from the trade profits of the community.

I aver that our rate of interest is governed by our *unnatural folly*, by our Bank Restriction Act, and nothing else, and that the rate of interest can be speedily lowered for ever by an issue of notes payable in gold and based on the security of land by legal enactment, and with a large addition to our revenue. If we lend at higher interest than we pay, the more we can lend the better will it be for us. If we owe money to Paris, we must pay in gold or become insolvent, if they will not take paper ; but as we happen at present to be the most wealthy, we are only asked to lend, and we can only do so to the extent of our capital. If our capitalists choose to employ their capital in France, no currency law will prevent them from so doing ; nor have we any right to tell any man what he may do with his own money.

In the early days of trade a few tokens were all that was required to transfer anything they wished one to the other. As the universe became populated, and the world subdivided, it required a greater number of these tokens.

As the population increases (and which is daily the case all over the world), so should circulating medium increase because the labour of each is placed upon the soil in one shape or other, and it requires more money to transfer a large property than it does to transfer a small one. It is the intrinsic value of the world being daily added to that calls for an increase of circulating medium, and it would almost appear that Providence, by the late gold discoveries, has provided to a certain extent for man's

necessity, but we, by our own laws, attempt to counteract this providential supply.

Of what avail would credit be to a man who has made up his mind constantly to hold at his banker's gold for every acceptance he gave: but so it is with us nationally; we issue notes, but we compel ourselves to hold gold to represent them at all times, day and night, in a dark cellar in the Bank of England.

You may depend the heaviest tax we pay nationally is interest of money. We may find fault with the high price of corn and other necessities, but the price of corn is not so important to a nation's welfare as the price of the interest of money. We *must* have money before we can buy our corn; so that if, in the first instance, we pay dearly for the use of money, it is logical to say we thus pay dearer for the corn. If we have the money at our banker's we pay nothing for it; if we pay 2 per cent. for the money, the corn costs us 2 per cent. more evidently; and if 8 per cent., to that extent must the cost of our food be increased. The fundamental principle of all legislation, consequently, should be "*cheap money*," so long as security is *perfect and sound*.

What is the best security? Gold lying useless in the Bank idle and unproductive, or land which is daily growing food? What is the best security? The funds—a debt—or land? Why do we thus value the funds in preference to land? It is because the one has a marketable ready money value, whereas the land is trammelled by law—mystified by lawyers; and so it must be, I suppose, to keep them—it is by this they live. Why should not acres of land pass from hand to hand by indorsation on warrant the same as a bale of cotton or a cargo of sugar? Merchandise worth £10,000 is transferred without cost by simply writing the name at the back of a document. Land worth £10 requires the machinery of the law.

An annuitant of £1,000 per annum, interest being at 8 per cent., is certainly robbed, inasmuch as the money value of his annuity is very much less than when interest is at 3 per cent., which is the rate of interest calculated upon when one buys an annuity. His annuity of £1,000 ought usually to produce to him, in

round numbers, £2,000—there he is robbed. But if, on the other side, we could reduce interest to 2 per cent. by legal enactment, he being paid at the rate of 3 per cent. would have a good bargain, as, provided he wished to sell his annuity, he would get exactly 50 per cent. more for it than it is now worth; and I think any annuitant, or person with fixed income, would be perfectly willing to accept of 17 years' interest upon the increased value paid down in hard cash at once to assist him in paying the loss he might sustain by the reduction of interest affecting the value of his pound.

The basis then of security should be gold and acres of land. Merchants' Bills are but a doubtful security. It is not long since when England was the only country which was considered secure, but before 20 years France will be before England. Land would rise in value if it were the basis of currency, but the great object of any country is to become a lender, not a borrower. If the state were to issue notes as loans at interest, the more they issued the less taxation we should require, as no one could get those notes without having given full value in some shape.

If interest was at 2 or 3 per cent., finance companies would die a natural death, as there would not be enough margin for them to exist. The Bank of England has made us accustomed to high interest. The pawnbroker and usurer now becomes a highly respected member.

WHY THE GOLD LEAVES THE COUNTRY.

I regret extremely to see pass current so erroneous an opinion as that "the Bank of England can check the export of gold, by raising the rate of discount," and by contracting her loans even at the high rate of 10 per cent. I will attempt to show that it has a contrary effect.

If the gold leaves our shores, surely it must be paid for by those who buy it if it was our property. If gold is sold to France, surely France must pay for it; and in what? why, in gold most assuredly. If, at the moment, in bills of exchange; yet these bills become due, and the moment

they are paid the gold must return home again. If our capitalists are enabled to sell their gold to France for a bill of exchange, due in 90 days, because the Bank of France will give a little more for it than the Bank of England, can any good reason be given why this sale should be hindered, or the proprietor of the gold be trammelled in his operations, any more than the exporter of cotton or other goods? Every importer will sell in the best market, and who can blame him?

The fact I arrive at is this: that, as there is so much alarm about the gold going out of the country, Banks fancy it is never coming back. It is not lent, but it is paid to France or Germany, because it is due to them; the real fact of the matter is, that we are only the carriers of the gold; we warehouse it here for a few hours, but it no more belongs to us than it does to the shipowner who conveys it here from Australia. Australia remits it for foreign account, and the reason why the gold comes first to England is, because of the vast superiority of our mercantile marine, and because, also, of the standard of £3 17s. 9d. per ounce, which is at all times given for gold by the Bank of England, in the current coin of the realm; which is simply giving coined gold for uncoined gold, manufactured for unmanufactured; gold which has been examined and tested for that which is in its raw and rough state.

If these immense amounts of gold sent here do not really belong to us, all the efforts of the Bank of England to prevent the gold leaving the country are totally unavailing; they are perfectly powerless, and for the simple reason that it is merely going to those to whom it belongs. My opinion is, that it does not belong to us at all. The trade of France and Germany has increased as has our own; they are, like us, large exporters to Australia, and they must also receive their payments. This is the reason why we cannot retain the gold that arrives here. Well, then, what does increasing the rate of interest do for us? It adds to the profit of the bank and bankers, and reduces the profits of every one else. It induces foreign banks to raise their rate of interest; and as they can then get such an extra rate for loans, like

sensible people, they do not object to paying a penny or so an ounce more for the gold, because this penny per ounce is not, after all, equal to the extra rate of interest; so that what the Bank of England calls increase in the rate of discount, the Bank of France calls an increase of price in value. The one considered it folly because the other has paid thirty or forty thousand pounds as the premium for the purchase of gold, but quite forgetting that they were charging a far larger sum every month for discount, and in excess of what was the usual rate.

The Bank of England cannot check the export of gold, even if it were never to return, as monied men will do what they please with their money; but they can discountenance the discount of bills drawn against gold, if they please; but I do not see any good object in that. They can, and should, also discountenance foreign loans of every kind, while our restricted circulating medium and our monetary laws are constituted as at present.

The rise in interest and the gold leaving the country are entirely to be attributed to our own suicidal policy—to our Bank Charter Act of 1844, and nothing else.

THE WEALTH OF ENGLAND.

We will grant that England is perfectly solvent—we will assert that England is enormously rich, but in what does her riches consist?

Time is money—everything that saves time contributes to the riches of England, consequently the railways form a portion of it; the intrinsic value of the soil and the subtrata constitutes another portion; the whole of the erections upon the land is another addition; the growing crops and those in the granaries are another portion; the store of every description of produce, our rolling stock and plant, our steam vessels and ships, the contents of our domiciles—so we find a mine of wealth on every acre in London—add all these together, and they form the real riches of England. The debts due to us from other nations or our own colonies, and our investments in foreign stocks, are another

portion, but of a more doubtful character. In order to arrive, then, at the amount of our national wealth, we must value these items, deduct therefrom the amount of our national debt, and we shall arrive at our exact position in point of wealth.

But we have another point of wealth, which has grown with our growth, and extends as our population increases—a wealth that no exportation of gold can take away from us—and that is, our honour, our credit, our honesty. For these the English nation is renowned all over the world, and I would take advantage of this source of wealth—I would profit by this renown; we do so individually, we should do so nationally. It appears to me that the real wealth of nations cannot therefore be classed under one rule or positive law, because every nation is not alike. We, on these points, rank higher than any other nation; and if these attributes contribute to our riches and profits, they then form an important part of our wealth. Credit takes the place of capital, or is equal to it. We enjoy unlimited credit, consequently we do not require so much capital as those nations who are in doubtful credit, nor is it absolutely necessary that all our money should be of a metallic character. I believe the grand secret of England's greatness is her probity. In considering her wealth, let her add this to the rest of her riches—this forming a part of the wealth of our, although not of all nations.

Horses are wealth, because their powers are of use to us. Talent is wealth, because we love it. Food is wealth, because we require it. All the articles necessary for our use are wealth, because we cannot do without them. And what is gold? Gold is but the acknowledged token to transfer all this. Gold to us is nothing. It is because of its alleged value that we have it as an ornament—because it is costly; made so by man's invention. But what is *real* wealth? Land and labour, because they support us. All the articles that contribute to our comfort and happiness, they are real wealth. The wealth of gold is merely because of its purchasing power, not for its own intrinsic value, because

there is more intrinsic value in one loaf of bread than in all the gold that was ever discovered. We have made to ourselves a golden image. We attach more importance to it than anything else; but we should not forget that it is ourselves who give it this importance—that the all-powerful gold was made all powerful by our will and agreement. Comparatively speaking gold forms so small a portion of our wealth, it is immaterial whether it is forgotten or not. As the whole of the coined money in the country, by the best authorities, arrives at little more than 80 millions, then of what consequence is 80 millions in comparison to the wealth of England. It is but a drop in the ocean. Gold is merely the acknowledged token we give to transfer wealth from one hand to the other.

I believe that there are in this kingdom 20 men whose aggregate wealth would amount to 40 millions; if, then, these 20 men were to take it into their idea that they would realise the whole of their wealth, and that they would hold it all in gold, where would our currency vanish to then? How should we carry on our business with ourselves or foreign nations? How could we even pay our taxes? In order to pay our taxes we have to find 75 millions of money, and pay it into the Exchequer every year, in hard cash or bank notes. No bills are taken there. How it can be done? I am only astonished how it is done, and we find that it is not accomplished without much anxiety, trouble, vexation and loss; but the financial industry of the people is great—notwithstanding all the oppressive laws they strive against it; but year after year adds to the difficulty—we are floundering on. We are often in the hands of the usurer—sometimes we are working for him alone. He smiles at our miseries; as they increase so does he increase his charges. He will not help us, but he will bear us down, piling his own already well filled coffers with the ruin of the industrious.

And what have we to do with this small currency of 40 millions! We have to carry on our business internally and with foreign nations in every part of the globe; we have to pay wages weekly in ready money; we have to supply all the necessary amounts to carry on our multifarious

engagements; from a Government loan of 16 millions, a railway loan of 4 millions, our taxes of 75 millions, down to the lowest amount required by the artisan to pay for his trifling necessities, and all the intermediate sums. Most of us have some money in our pockets, and even this item, spread over 25 millions of population will amount to a respectable sum in the aggregate; and we have to work, slave, and strive to do it all with this small circulation, because someone, such as Lord Overstone, has told us we should do so. A man who never knew what it was to feel the pinch of necessity, who never knew what it was to be "hard up,"—he is the man who is considered the great oracle; and thus the world suffers. And how acts this restricted currency? There is a general want of confidence; the merchant's credit is doubtful, and he is straitened in his means; he cannot afford to ship any more than a certain quantity of goods to foreign countries, although the more he shipped the more profit he would obtain; nor can he import more than a small quantity of goods from other countries when his means are limited, and when interest is high. There is, consequently, an increase in the value of all raw material, the produce of other countries (the increased cost going into the hands of the money-lender), but there is no corresponding increase in the profit on our manufactures to the manufacturer, because interest has cost him so much and it reduces it. A restricted currency deters the landholder and the landlord from borrowing money either to spend or build, both of which are good for the community at large; but is it probable that any owner of property, let at a rental of perhaps 7 per cent., can afford to pay $7\frac{1}{2}$ per cent., &c., for borrowing? it consequently stays improvement. Additional buildings are the real criterion of the progression and prosperity of either a village, town, or country. A contracted currency causes provisions to be dear, because we have not money enough to buy. Money being scarce, we do not develop trade. We do not import as much corn as we might from the stranger. When railway speculation was rife, money was plentiful; speculation was the order of the day, and 25 millions of people ate their bread at a reduction of from

4d. to 6d. per loaf. It is true a few corn speculators were ruined in consequence; but this was but a small sacrifice for a nation's welfare. You do not find men ready to speculate so heavily when interest is at 10 per cent. Interest would beat them. There is not the slightest chance of gain.

A contracted currency depreciates the value of all descriptions of property; and however great a man's resources in real property may be, if he is compelled to go into the market for circulating medium, how difficult it is to find it, and what an exorbitant rate he has to pay? If he wishes to sell, what a low price he must submit to?

A contracted currency reduces the demand for labour, and compels the master to lower his wages. Hence the labourer has more difficulty in obtaining labour, and less pay when he gets it.

In fact, a contracted currency limits and curtails the operations of the whole world. If you would enjoy all the benefits of free trade, you must have an extended currency; the one cannot go on without the other. You must carry out the principle; but it must be sound, substantial, and honest currency. Debasing the £ would have no beneficial effect.

To test the folly of an onslaught for gold let us contrast the wealth of England with the amount of gold we have; the wealth of England has been taken at £10,000,000,000; what is the object, then, of endeavouring to realize one fourth of it, for money capital of which we have about 80 millions only?

THE OPERATION OF RAILWAY CALLS.

The operation of railway calls, or in other words, expenditure upon railways, cannot, in my opinion, have anything but a beneficial effect upon the money market; and in order to solve this point, we have merely to inquire from whence the money comes, and whither it goes. With respect to the question whence the call has to come from, the answer is easy of definition. It comes from the holder of ready money. He may have made a bad bargain in having to meet a railway call, when he

could otherwise well invest his money, at the times when rates are so high, but nevertheless even then he must pay in the money. The capitalist thus is compelled to part with some of his ready cash, although it will not produce to him the exorbitant rate of interest then current; and even if there is a certainty of loss, he is yet compelled to pay the money. And mark, it is not the man without means who is compelled to pay what he has not got. The holder of railway shares must be a man of means, because the shares will realise money in the market, notwithstanding the call; and if he be able to hold them, and pays the calls, he must be a man of some means, if not he must sell to men of means.

We consequently deduce, that the money called for railway liabilities generally passes from the pockets of the rich, and then comes the question of "where does it go?" It passes from the bankers of the rich, to the bankers of the railway company, and from the railway bankers it passes to the bankers of the contractors and other creditors of the railway companies, a small portion of the amount being paid away to railway servants, in small sums, in coin. Now, it is quite within the range of possibility that, although these calls are made, the bankers who pay, and those who receive, are the very identical parties; the only difference being that A, the rich capitalist, has a less balance, and that B and C, the contractors and tradesmen, have larger balances at their bankers'. This seems to me the simple operation of a railway call, which is held up to be some fearful calamity.

I should be very glad to be informed where the money goes to, otherwise than the way I have stated; so that, according to my own premises, I argue that the transfer of capital or money from the hands of the rich capitalist, in exchange for labour or talent, has a beneficial effect upon the community generally, because, after all, it is by labour and talent we live.

I therefore differ with the generality of financiers in two ways—first, I deny that railway calls (British) have any real effect upon the money-market, except, perhaps, for a few hours; and, next, instead of a railway call

being an injury, I argue it is a benefit. The effect really is to disseminate accumulated wealth, or allowing the many to benefit from the superabundance of the few. Whether this is beneficial or not, I leave for the world to judge.

Money does not become less because its temporary owner loses it, it merely passes from him to another. If one man as enough and a million to spare, and chose to divide this million amongst a million persons, they would be enriched to the extent of £1 each, he would have a million less, but the country would be no poorer. A railway call for a British project does not injure or affect the money-market for more than a few hours.

THE GOLD STANDARD.

There are men who argue that gold ought not have any fixed price, but be left to rise or fall like any other commodity. Now, although I am an advocate for the extension of the currency, I am a strong advocate for our present standard value for gold being upheld. All men are not judges of the quality of gold—few, indeed, comparatively, could tell what its standard of fineness really is. If we do away with the standard of price, we may as well also do away with the standard of fineness; consequently we should be like a ship without a rudder, or man to steer her.

If we abandoned our gold standard, we should at once become barterers, and nothing else, because we should have no fixed value for anything whatever; we could not name a market price for any single article of commerce. It would be that so much coffee was worth so much tea, or so much sugar worth so much coffee; a standard of fineness could not be kept up except by an establishment supported by Government and under Government control, as frauds might creep in to an incalculable extent.

In doing away with the standard of value for gold, we should place ourselves in utter confusion, and not only

ourselves but the whole world. The gold is first transmitted here, because we *have* a standard price that we give for it; viz.: that gold of a certain fineness will always be paid for in British sovereigns at a certain rate; and that those who are selling their gold well know they are receiving in exchange for it gold coin of a certain purity, of a standard of fineness well known all over the world, and by which exchange they will lose but a trifle to obtain current coin, or bank notes which will command the same.

All the cost of exchanging rude gold into British sovereigns amounts to little more than the mere cost of smelting and coinage; and as all know well the honour of the Bank of England and our Mint, it is a satisfaction that they are positively certain as to the real value of their gold; that they have their penny for that penny's worth, neither receiving more nor less than the exact value at the rate per ounce arranged by our law. Well, then, if such be the case—if the Bank or the Mint are in effect merely the agents of those who possess the rude gold in its unmanufactured state, and if the bank receives so small a profit upon it after causing it to be manufactured into sovereigns, or for advancing the sovereigns while it is undergoing the process of coinage, of what avail would any alteration be? We *must* have a standard of some kind or other, or we should be in utter confusion. All nations have money of some kind, and as gold is the scarcest material, it is generally accepted all over the world. This being the case, we have made ourselves, and we are now recognised to be, the arbitrators for the world as to the real value of the gold ore that is brought to us for sale. We are the assayers for the greater portion of the globe merely because we have this standard, and its honour and purity are unsullied. Of what avail then is it to change? The mere fact of our being the judge of value, causing the gold to come to this country in the first instance from the place where it was found, is a benefit to us. If we are merely the transit warehouse—if we merely receive it *in transitu*—still we must always have some little profit before it leaves again; it cannot be landed here and sold without some one of the nation reaping

a benefit thereby—hence it is our policy to retain the standard. Supposing we were to abandon our standard price to-morrow, what would be the consequences immediately? It would be useless to send gold to the Bank of England any more than anywhere else. All would try to exchange their gold where they could get the most goods or the most money for it. Then it would have to be considered whose money was the best at the moment, and to that spot the gold would go. Consequently, in order to retain the gold, we should have to give the best price for it—more than any other nation would give—instead of being always able to buy it at our standard price, or rather, never being compelled to pay more, more not being expected. If, then, another nation has a particular fancy or necessity to hold gold, they must pay for their fancy in some way or other; the fresh gold coming in does not proceed direct to France, so that we gain a profit, and a greater one on its export than we have hitherto done. Well, then, of what avail would be the abolition of our standard for gold? What do we ultimately pay for the gold we buy, at our standard price, but gold again—the very same kind, sort and quality—the only difference being that we give a little less than we receive, because we have had a little trouble in the matter, and we like to be paid for our trouble. We have examined and tested the gold we have bought, and we give a recognised authority on the gold we issue that the world may know its quality without testing it. Of what avail, then, would be the abolition of the standard?

We do not require capital to buy this gold, for gold is capital; so we are merely exchanging capital for capital—a pound for 241 pence in value; say a coin worth 20s. in silver for gold that will make that coin, and leave us a small copper coin for our trouble in addition. Where then, is the object of doing away with our standard? If you wish the gold to be taken to other countries, without even calling here, do away with the standard. If you would cause confusion, do away with the standard. If you would lose the profit on the coinage, or manufacture as I

call it, and if you would have British sovereigns reduced in number, and less known throughout the world, then alter the standard or abandon it. If you would lose the profit on the carriage, and all the other attendant profits of its being sent here, then abandon the standard. If you would have all your books altered and remodelled—if you would place yourselves and the world in utter confusion—if you would open a wide door to fraud in assessing the value of gold—abandoning the standard will have the effect. If you would never know what you are worth you will effect your purpose, because if the value of gold fluctuated daily and hourly, you might be a rich man to-day and get poorer every hour. And as we cannot eat gold, nor can we drink it, we should then begin to consider what is this gold in reality that we attach so much importance to. If there were no standard, we should soon not require gold at all; indeed, we should be better without it, as it would be merely making our confusion more confused. The fact is, after all, let us define really what a pound or a sovereign is, and we get to the truth of the matter. Sir Robert Peel asked the question, and seemed to think it could not be defined. I do not see that any very great depth of intelligence is required to answer this query. A pound is a recognised token—a conventional form of payment—a standard of value mutually agreed upon between the buyer and seller, the Government and the nation—a certain quantity of metal of a certain fineness by weight, as much as a pint is a pint, or a yard is a yard. This law was made, as all other laws are made, by the gradual development of man's intelligence in making everything as clear as he can, and to simplify the transfer of productions for something that passes equally current for all purposes, has a fixed value, and is widely and universally agreed upon.

Our standard then, is, in a great measure, the means of bringing the gold, in the first instance, to this country. We find most of the gold in large quantities, coming from California, Australia, and elsewhere, is imported to this country. The chief reason for that is, because we have a standard price per ounce for it, so that those who import

or send it here are always certain of the number of sovereigns they will receive. The next reason is that, without a standard, we should be in utter confusion. Markets rise and fall by reason of consumption and supply. Had we no standard, we should then have two markets to be ruled by instead of one, and in the end, and after all the extra trouble, it would amount to the same thing. But the most cogent reason for our not destroying or abandoning our gold standard is because it is useless to change, for I repeat we only give for this gold in its raw and rough state a less quantity of the very same material in a manufactured state, in the shape of sovereigns? For instance, suppose for one moment that the Bank of England had no gold whatever in its coffers; it could still purchase the gold at its standard value, because the very gold so purchased could in a few hours undergo the process of manufacture at the Mint, and so soon as it was manufactured, the Bank could pay to the owner of the gold the full amount of his demand with his own gold, not from the Mint, and yet have a portion left as the charge for manufacturing it. This is plain to be seen; consequently, of what avail would a change be? None whatever, but to cause confusion, and to prevent a great portion of the gold ever reaching this country; so that the abolition of the standard would, in my idea, have the effect of making gold more difficult to be obtained than ever, and when obtained, of no certain value. Before we sold or bought anything we should have to see what the price of gold was on the day and hour, or that which we purchased a few days ago for one ounce, might have to be sold for three-quarters of an ounce of gold, although the article we purchased was scarcer than ever. The loan of gold falls or rises in price now because of its purchasing power; if food rises in price, it is the same as gold falling, because the purchasing power of gold is reduced. Gold rises in value as it becomes more difficult to be obtained, or when there is most use for it, but it rises, not as food rises, by getting more or less in quantity, but it rises in interest payable for its use—always, *recollect, bearing a profit, never a loss*—so that the profit

on the loan of money being a certainty, the prices should not, rise. The gold that you advance may return in 1876 with 3 per cent. added to it, in 1877 with 4 per cent., and in 1878 with 6 per cent., so that £100 may become £106 in 1878; consequently the use of gold does rise and fall according to its scarcity, never falling below par. It is the *profit* of the holders of this material which fluctuates, and not the material itself.

As I fancy my reasoning goes to show the utter uselessness of altering our standard, instead of our being anxious that gold or money should fluctuate, it would conduce to our prosperity to make it steady, but at a very low rate of interest.

What then is the standard? The value of gold is now entirely dependant on or regulated by its quality and fineness, 22 carat gold is sovereign gold, but there is gold found of a higher or purer quality. An ounce of coined gold expressed in quantity is 19 pennyweights and 11 grains, so that 9 grains is alloy and seignorage.

Coined gold decimally in sovereigns is 3.89 or 3 sovereigns $\frac{89}{100}$ of a sovereign, the $\frac{89}{100}$ being equal to about $\frac{17}{10}$; or in pounds, shillings and pence, the amount is exactly £3 17 10½; all these calculations amount to exactly the same thing, the real fact being that raw or unmanufactured gold is exchanged into manufactured gold for a charge of 9 grains per ounce.

The gold discovered in California in 1846, and Australia in 1847 has been the great incentive to commerce, and, most singular to notice, Free Trade came into operation at this very juncture, and gets credit for all this extension of commerce. Had Free Trade not been assisted by these discoveries, I will not venture to say how different might have been the result.

To be compelled to constantly hold or guard his own gold would to a rich man be the greatest punishment he could endure; to count all the gold paid away in the usual business transactions of life would be found next to if not quite an impossibility.

Gold is only important to nations of doubtful credit and never leaves a country except to pay the just

debts of that country, or when one country grants a large loan to another ; but raising the charge for money or the rate of interest has no certain effect in staying the export of gold from a country. If the Bank of England were to offer to pay 10% for the temporary loan of a quantity of gold they could get plenty of it, but would have to return it; but to charge other people 10% for the use of notes is to my idea the most absurd nonsense, as it has no effect whatever in the direction required or professed to be required. True 40/- lent at 6% gives them as much profit as 60/- lent at 4%, but what has this to do with the amount of gold they stand in need of.

Now we will suppose for instance that notes of two kinds were issued, one kind being the present Bank of England notes issued under existing circumstances, and another kind on which was imprinted that in addition to their being payable in gold on presentation, that Land was held at all times as additional security. Which description of notes would most speedily fall to a discount during the most severe panic? The first might entail loss on the holder—the second by no possibility could.

A PROPOSITION.

Proposed that the government should issue Bank Post Bills in amounts from £1 to £500 at 6 months date to be circulated in the Colonies to the extent which they might be purchased for that purpose to be paid in gold so soon as due on presentation at par or before the expiration of the six months at a discount of $2\frac{1}{2}$ per cent., per annum. They could circulate say 50 millions, which would be constantly in circulation without any expense to the government whatever, the rate of interest on 50 millions at consol interest, viz: 3% would be $1\frac{1}{2}$ millions per annum, which would be clear profit or gain to the nation, if 50 millions were in circulation.

These Bills would be at a premium in all the Colonies and in every foreign country, the more especially if a system were adopted by the government to

replace them by others in the event of their being lost in transmission, which would have the beneficial effect of no insurance being required against sea risk, this might, I think be carried out by a system of registration at the post-office for the various Colonies, and by the letters containing the remittances being left open till the numbers of the bills, dates, and amounts were taken note of by the post-office authorities, and a receipt given to the sender, and the letter could then be sealed by them and sent off in its proper course. Should the letter not arrive at its destination in due course, the fact of the loss of the vessel which carried it would be known to the post-office authorities, and the number of registered letters containing these documents would be known; fresh bills could then be given to the party entitled, on production of the registration receipt.

The reasons why such bills would be eagerly bought up are various. One is that hundreds of people far away desire to send money home to England, but they can only do so in gold or in mercantile bills, which might turn out valueless.

If it were even considered more prudent or profitable to place on these bills a charge over and above the amount they represented, such as a small per centage, or if on the other hand the Government thought proper to encourage their circulation by a payment of, say one per cent. per annum over and above the amount, I believe that in either case they would be purchased to a very large amount, but in the latter case there would be a great inducement for people to keep them as an investment, and for every bill the Government had so issued, they would reap a benefit of 2 per cent. per annum. I therefore propose, that day by day as the money is received for these bills, that it should be invested in consols, and that the dividends, when received, should also be invested in consols.

I propose that £500,000 shall be taken from the National Deposits in the Bank of England, or such other amount as may become necessary to provide for the due payment of the bills, on presentation, to be replaced

day by day from the funds, of what I may term, the Colonial Bill office.

Another reason why these bills should be much sought after is that in all the gold countries, or countries where there is little security for property, when it is known that gold is in the personal possession of any individual, it depends upon the personal strength of the owner alone to protect it; the possessor of gold as a rule at the diggings cannot easily conceal his wealth; and when his gold is stolen, there is no chance of its being recovered, while upon a loss of these Colonial Bills it might be possible to stop their payment, or at all events, if due care had been taken in keeping the numbers, the loss could be published in the usual way, and the thief would in all probability have some difficulty in passing them in the district where he stole them. These bills, however, like bank notes, must be paid, unless the holder was found to be positively the thief.

The reason why I propose such bills to be given at 6 months date, is that the Government could not be called upon to repay one single note until 6 months had elapsed, consequently there would be time for the fact to become known and acted upon by the public.

Next, that the issue of new bills for old ones, of different amounts being attended with expense, must be checked as much as possible, and the loss of 6 months interest would have an effect in that direction.

The reason why I propose that bills as low as £1 shall be given is, in order to organize a system which is equivalent to a Savings Bank (so far as the Government are concerned) in the Colonies or elsewhere. Next, I propose that they shall all be on bank note paper, and in every respect in the form of a present Bank of England note, because such are well known and readily accepted. Supposing that 50 millions of such bills could be issued and placed in circulation continually all over the world, this amount would purchase $52\frac{1}{2}$ millions of Consols at 95, the interest upon which would be about 3% on 52 millions, thus—95 (£50,000,000), £52,631,600 at 3% would be 1,578,948 or about one and a half millions per annum in-

terest, which would be annually received as dividends. The Government could hardly in any case be called upon to pay more than the amount for which the bill was given and the interest they had agreed to pay, of, say one per cent., but upon every bill they thus issued there would be a clear gain of 6 months interest, not only at 3%, but at more than that, because Consols at 95 pay more than 3 per cent. on the amount invested—and the payment of one-half of the dividend each half year makes a difference in favour of the investor of about 6d. per cent. upon the whole investment.

PROPOSITION II.

To carry out the theory of the proposition for allowing an issue of notes payable in gold but based upon the additional security of land, the following machinery would be required:—In the first place, we should require a Government office, to be entitled "The Mortgage Registration Office," consisting of a complete staff of solicitors, to look into, examine, and wade through all documents and title-deeds to the property upon which an advance was proposed or required; these solicitors should be some of the most talented men to be obtained in the profession; they would act exactly as solicitors now do when their clients are about to advance money on mortgage, so that in this part of the plan there would be no great difficulty to contend with. If there was not a good title to the property, no advance would be allowed until the title was perfected and legally made good.

If the title was a clear one, there would be no delay whatever, as the passing of the title would be the first step to obtaining a loan. In the same building it would require a complete staff of valuers of land, who would have to personally examine and report upon the property for which the loan was required. Then would come a cash and interest office; a sale office; then an office for the four chief officers, and

for the head of all, he being a superior and deciding officer upon all points; the chiefs would individually and collectively determine to what extent or amount a loan would be granted. All this would be carried out at the sole expense of the borrower, and as such expenses always are, there is no hardship in that.

Upon the amount of the loan being fixed, and the title properly admitted, the title-deeds would be left in hands of the "Mortgage Registration Office," to be held by them until the amount lent was repaid. Complete Registration would then take place, comprising the following particulars, viz.: nature of the property, abstract of the title, where situated, name of the borrower, the amount lent, name of the banker who was the medium of the loan being effected—all fully and amply set out. This done, there would be no possibility of double mortgages being made, either by Government or any one else, as the registration would be open to those interested in the matter to discover whose property was under mortgage.

This "Mortgage Registration Office" would be self-supporting in all its departments, consequently no injury to the revenue could take place, the charges would all be cheerfully paid; no one would be injured—but, on the contrary, many benefitted. It would also lead to a final settlement of titles, as it would, with very few exceptions, always afterwards be admitted as evidence that at the time the loan was made the title was good and sufficient to the then borrower; so that the "mortgage registration" would also be a registration of titles at all times in future, and would probably prevent much litigation, being a book of reference. Having thus explained the matter, so far as the title and value is concerned, the next thing is the process of how the money is to be lent. In order that the Government should have no trouble whatever in collecting the interest as it annually became due, I should suggest that the loans be effected through the medium of the Bank of England and other bankers, who should prove, to the satisfaction of the office, the amount of capital they

possessed; and it would then be judged whether they were eligible to be admitted as one of the "mortgage bankers," and, if necessary, certain security entered into to provide against any losses that might occur through any property deposited through his medium, and to answer for the due and punctual payment of the interest on a given day; I would here suggest that the interest should always be payable one year in advance, and become due on the 1st January.

It would, under this arrangement be to the banker's interest to look well into each transaction which passed through his hands, as he would be security both for the money advanced and the interest thereon until the loan was repaid.

The security for the notes would therefore really be—first, the property itself upon which the advance had been made; secondly, the banker who had been the medium of the loan; thirdly, the borrower of the money—each and all of whom would be liable for any loss that could by any possibility occur; and failing all these, in the event of loss occurring, it would have to fall upon the funds of the interest account of the "Mortgage Registration Office." I think, therefore, that there would be ample security for notes so issued, and I also think that the funds of the office would be well able to bear so remote a chance of loss after such careful provision being made to prevent it; but as errors will creep into the most careful establishments, a great principle should not be given up upon any such grounds.

The plan of action for the borrower would be this: upon his requiring a loan, he would apply to any banker he chose who was a "mortgage banker;" he would deposit with him his title-deeds; the banker would deposit them at the "Mortgage Registration Office," where they would undergo the necessary ordeal. The amount allowed to be lent would be intimated to him, and on his assenting to accept it he would, with the banker, appear at the "Mortgage Registration Office" on a given day and hour, where they both would be required to sign all the necessary documents, and where

they would receive the money in notes of £1 each and upwards; upon those notes it would be shown that they were the representatives of land to the satisfaction of the office, they would be signed by an officer appointed, and would become legal tender.

From the amount so advanced would be deducted one year's interest, at the rate of $1\frac{1}{4}$ per cent. per annum; and the banker would at the same time receive his $\frac{1}{4}$ per cent.; so that the borrower would obtain a permanent loan at 2 per cent. per annum. I also suggest that a frequent, if not an annual, valuation of the property should take place, to see that the property has not deteriorated in value to that extent that a portion of the loan should be paid off; but as in few cases loans would be allowed to a greater extent than one-third or at most one-half of the real value, there would be but little chance of that taking place, and it would be every one's interest to improve his land to add to its value.

This system would not limit the amount of loan a man might obtain on his property, as although the office would not allow a greater advance, money would be readily found at perhaps a higher rate of interest, and which could be made a second charge upon the property, being also duly registered.

This system is merely an assistant to those who require it, and does not in the least prevent any one continuing in the old system if he preferred it; no one can have a more secure income than he who invests his money on mortgage or land. In this way trustees invest the orphan's portion and the widow's fund, knowing that their own pockets would have to suffer for any error committed by them, or for any mistake in their security. Lawyers, the keenest for security, adopt this as the wisest and best for either a permanent or a temporary investment, and advise their clients accordingly. If, then, we want an increased issue of circulating medium, why should such an issue be withheld, based upon this real security, *a better security even than gold*? Gold does nothing but lie idle when held as security for notes in the Bank of England. Land, on the contrary, grows food for our use, and pays its own

interest. Gold only does us good when it is in use, not when it is idle. So long as it remains in the bank, so much is lost in interest to the country just as if we held a large tract of land and refused to allow it to be cultivated. Who doubts his security when he lends money out to assist a landed proprietor with a good title?

Before a theory can be taken deeply into consideration, it will be necessary to look at it in its different bearings, and to argue how it would act upon the various classes of the community. It might therefore be as well for me to give my views of its action in a direct form, and it will be necessary to touch upon its effects upon bankers, landowners, property, bank stock, railway shares, the national debt, rents, provisions, shipping, the income tax and taxes generally, poor rates, labour, farmers, the natural productions of England, England itself as a nation and as a country, trade and commerce generally, professions, pawnbrokers, and ready-moneyed capitalists, and the exchequer.

I will commence with the bankers, who would be the great operators. Their appointment being made to the satisfaction of the "Mortgage Registration-office," their emolument would be great, as upon all mortgages effected through their means they would annually receive the commission of $\frac{1}{4}$ per cent., without the real advance of their own capital.

I have already said it would be necessary for them to look into the real value of all property that passed through their hands, and in so doing they would know the real margin that had been left still clear of any advance; so that a banker, should he feel so inclined, might make a further temporary advance from his own resources, and at such rate of interest as might be agreed upon between him and the borrower, and for which the property could be made liable, a receiver of rents appointed, or any other arrangement which could be entered into between the parties as security for the additional advance of capital required; and although, I admit, bankers could not charge the present rate of interest, and thus would lose upon their present capital,

yet they would be well recompensed for this reduction of interest on their capital and the deposits of their customers, because the deposits would be much greater in amount by reason of the facilities which would thus be afforded for obtaining money—the low rate of interest rendering it almost immaterial to the public whether their money was lent out by them or not. The banker would still be able to lend his floating capital on commercial bills, and in other ways, as he does now, and at rates of interest as might be agreed upon ; so that I imagine the banker would be no sufferer from such an alteration.

Landowners would doubtless profit much, as land would increase in value. To those owners of property who hold their own parchments it is scarcely necessary to advert, as they are quite able to bear the brunt of taxation, reduction in rents, or prices of produce. They are generally able to supply the capital to render their own land productive. If not, they would have the remedy in their own hands; but to those who are in the meshes of the lawyers—to those whose property is so mortgaged that the rents cannot pay the present rate of interest annually payable—to those who have land, yet no capital to cultivate or build upon it, this system would be a considerable assistance. Those who are in the lawyers' hands, because they cannot pay off the mortgage would find bankers ready to assist them to do so, releasing their property, thus eventually extricating many from difficulties. I know of one case where a man had to pass through the Bankruptcy Court to rid himself of his own estate, which had become, from want of means, so reduced in value that the rents would not cover the interest. Those whose estates are so mortgaged that their case is analogous to this would find relief, the rate of interest being reduced more than one half.

Those who have property which only requires capital to improve, or build upon it, would meet with the required assistance, and would have the satisfaction to see themselves gradually extricated from any difficulty on that head, and their estates permanently improved and increased in value.

"Property" would at once rise in value, as it would be the sound basis of circulating medium. There would be more food grown on it. It would be improved and increased in value in every way, as it would be to the interest of all to add to its value.

Property would easily be exchanged for circulating medium, either entirely, or in part, without very serious loss or expense, and without much delay; for, provided it had once been valued, and the title deeds examined, and that the same amount was all that was required, a few hours would suffice to obtain a loan. Property itself would therefore be more valuable; but as the inhabitant or tenant would in many cases be anxious to purchase his own dwelling or farm, as the case might be, he would probably be willing to pay more for it, for his own use or occupation, than the value would then be to the landlord, and he (the landlord) would not object to sell, seeing that he could invest the purchase-money in the funds and many other securities, which would produce him a larger income.

It is quite impossible that land can, for any length of time command more rent than the value its productions will bring in the market, after deducting therefrom the cost of labour and the farmer's support, as every shilling which is thus overpaid must reduce the farmer's capital, and ultimately bring him to beggary. Man cannot live by loss; nor will either the land be improved, or the crops increased in quantity, if the tiller of the soil reaps no benefit for himself; nor will the landlord gain under such circumstances, as tenantless farms would be the result.

If interest remains at present high rates, land under mortgage must eventually pass into the hands of the ready-money capitalist at a vast reduction in value (like the Irish estates), and the present landlord be the sufferer; by the suggested system, land itself would be more valuable, because more money could be spent upon it in its cultivation, and hence better crops produced, more buildings erected, and hence more rent received in the aggregate; and although the land might pass in many instances from the hands of the present holders, it would

not be like the sales in Ireland, it would be a voluntary and not a compulsory exchange of owners, a profitable and not a ruinous sale. I therefore argue that land itself would be benefitted, not only in its nominal value but really in its intrinsic value; but as this cannot be done without labour, we will endeavour to show how *it* would be effected.

Labour of all kinds will admit of a profit being made on it by a master; hence the more labour the more profit to the community—the more money the labourer receives for his labour the more he and his family will have to spend. Increase of capital to the master will cause increase of labour for the workman; increase of quantity of labour will produce higher wages; and higher wages will enable the receivers to obtain some of the comforts or even luxuries of life, and which are at present beyond their reach. It is by labour we are enriched; it is labour that converts the barren waste into fertile gardens; it is labour which increases the intrinsic value of the country day by day. The hand of the Almighty gives us the material, but labour fashions it for our necessities. The effect of increased facilities given to enable landlords to improve their estates would tend to the increase and advantage of labour.

“The natural productions of England” would, in my idea, be produced in greater quantities and at more moderate rates, as a portion of the “interest tax” would be removed; this would cause more employment, and, as I shall show under the head of railways, the carriage would be reduced. The carriage of all such heavy productions as coals, iron, tin, lead, stone, &c., being a very serious item in their cost, I am of opinion that all these necessities would be reduced in price, and yet pay the producer equally well. At all events, we should be more able to develop the natural productions of the earth, and more able to compete with the foreigner, either in his own or other markets, if money could be had at lower interest by us.

“Provisions” of our own growth would certainly be produced in larger quantities, and be more abundant, from the money spent in extra cultivation. The farmer

would reap a benefit from the increased quantity produced, but I do not think there would be much alteration in prices. The labourer would live perhaps more luxuriously, if we may use the term, and thus counter-balance the effect of greater production. More cattle would also be required and more food for their use. At present we buy large supplies of corn from the stranger, paying for it generally in gold, because agricultural countries take but little from us in the shape of manufactures. You will find agricultural countries abroad—or even counties in England—are not generally found to be great consumers of luxuries; they are generally content to live in a humble manner, consequently they require but a moderate portion of our manufactures—we, therefore, pay to them more than we receive *from* them, and the balance is against us. It is for this reason that I argue that every country should strain every nerve to provide food for its own population. Rents of property would fall—in some proportion to the interest on the value of the property—but the value of the property would be increased to a moderate extent; consequently the rent payable would be the reduced rate of interest upon the increased value and for depreciation in the annual rental of the property the landlord would be the possessor of the additional value, which would more than compensate him, if he preferred realising his property and investing the money in the funds or elsewhere. Strange anomaly! his landed property would be of ready sale, yet rents would be less than at present. Those who were able to spare the amount out of their capital to purchase the property they had rented would only be out of pocket the amount of the margin required by the banker, and would hold their land at a very much reduced rent; for, when a man could thus purchase the farm or tenement he was occupying for, say, £2,000, he could obtain an advance of, say, £1,000; he would consequently by sinking £1,000 of his capital hold his land at a rental of £20 per annum, and he could probably obtain a further temporary advance from his banker should he require it.

Landowners cannot now reduce their rents; three-

fourths of the land is now under mortgage at from 4 to 5 per cent., which latter is the legal interest; but this legal interest is constantly added to in various ways, by commissions and other contrivances; and, added to this, the lawyer, for transferring or charging the property with the mortgage, runs the amount up to a very large per centage, particularly if the loan is required for a short period. How is it possible that rents can be less under such circumstances?

To "Farmers" I have already incidentally referred. The reduction of the rent of the land is the great desideratum for him. If he is a man of fair capital (and without it no one can expect to successfully carry on farming operations,) the most important consideration on his part would be for him to become his own landlord by sinking a part, or a large proportion, of his capital, as I have already explained, and thus holding his farm at a low annual payment for interest; but it may not be out of place to more fully explain the mode he could adopt.

For example, say his capital is £5,000 and he wanted a farm of 300 acres, for which he had been paying £500 per annum rent. The value of this farm would be, say, £8,000 purchase money, and the farmer could manage it, through the medium of his banker, by handing to him, say, £4,000, the banker advancing for the moment the remaining £4,000 to complete the purchase; the notes could then be obtained and the banker repaid.

The farmer would have sunk £4,000 of his capital, but he would only have to pay £80 per annum rent, being the 2 per cent. upon the £4,000 advanced in notes; but the banker, knowing well his position, would be glad to lend him a further sum on a fresh charge, or on his growing crops, as required, at a fair rate (though a higher rate) of interest; but even after paying all that he would be a gainer of at least £300 per annum, and, in addition to this, would have the satisfaction to know that he was his own landlord. However we may reduce or alter my figures (as I cannot assert my standard is perfectly accurate), under any circumstances the farmer must profit by such a system.

With respect to "Shipping," greater production and extended trade would require more conveying power, so that the shipping interest would not suffer, but would also be benefitted in many ways.

"Poor-rates" would naturally be less. When there is labour in abundance poor rates rapidly decrease. We should do all we can to provide employment for our own people if we would reduce poor rates. Provide capital, and it will be expended in labour, because labour produces a profit.

In continuing the theory, I would show the effects which notes based upon land would have upon railways and railway shares. Railways have now become absolutely necessary—they are the arteries and nerves of our commerce—their success is essential to us, and they deserve assistance in every way. We know what immense sums they are compelled to borrow for various objects and reasons. Railway debentures are always issued at full rates of interest, and this interest has to be deducted from the profits of the poor shareholders. As these are national undertakings, they must be supported. My proposal would assist them—they would be allowed an advance to the extent of about the intrinsic value of their land and the buildings thereon. If they obtained loans at 2 per cent. per annum, they would save the extra amount of interest they now pay for them; it is very hard that they, who work for the public good, should be compelled to borrow money at a higher rate of interest than the profit on their capital. Traffic on railways would be increased; and if they paid less interest they could afford to reduce their rates of carriage. I argue they would be benefitted because there would be more profit on the traffic and less interest to pay for money borrowed. Railway shares would be of more value, as the money now lent on land would be seeking employment, and here would be one outlet for it.

Pawnbrokers would *suffer*; they would be compelled to lower their rates, and there would be more competition in their business; present ready-money capital would seek investment in such like matters also. But if the standard interest of money was lowered to 2 per cent., it would be utterly impossible for pawnbrokers to charge

15 and 20 per cent., which they now do. A reduction would be a great assistance to the poor, as however much we may deride those who are compelled to pay a visit to "my uncle," still he is often useful, and is a necessary evil in large cities. I think none will be found bold enough to say that a measure should be put aside because it reduced the profits of the pawnbroker; on the contrary, many would rejoice at it; and, for my own part, I consider it a positive proof of the real merits of the theory, an acknowledgement that such would be the effect.

It is hardly necessary to state that the effects upon shipping would be that they would have to be increased in number to counteract the increased demand for conveying power, and to prevent freights rising. Increase of shipping will give increase to labour, and thus benefit the working classes as well as the merchant, the ship builder, the ship-owner, with the other attendant trades connected with shipping—and their name is legion.

The effect upon the "income tax and taxes generally" would be this—the whole of the saving in interest would be profit, and would have to bear the income tax—it would be a clear addition to it at once. An income tax would be more easily paid if we had not such a heavy "interest tax." So far as other taxes are concerned, general profits, or general prosperity, cause a greater use for all those articles which are taxed, and which, not being absolute necessities, may perhaps come under the head of luxuries. The poor could afford to pay taxes better if they had full employment; so, upon these premises, I argue that the revenue would ultimately feel a benefit from this indirect source, as well as from the direct payment of interest. With respect to "professions," I am of opinion that, with one exception, they would all partake of the good effect of abundance of money. The one exception is the lawyers. I must confess I have no pity for *them*, as, however honourable many of them may be, still, their incomes are, as it were, dragged out of the pockets of the people. The more we can do away with litigation, the better shall we all be both in pocket and feeling. I consider that the mere ordinary conveyancing

charges of lawyers eat up the whole value of the land and property about once in 200 years, in this way:—The charge for conveyance of small properties is something very large, ranging from 5 up to 10, or even 15 per cent., upon the money paid for the property. It therefore has only to change hands 10 times, and lawyers have then received the whole value of the property, for doing what a mortgage registration office could ultimately transfer at the cost of a few shillings. The mysteries of titles are not so great that they should have this everlasting tax upon them. I have said before, why should land and houses not be transferred as easily as the funds or a cargo of merchandise of far more value? I do not think the world at large will abandon a good project because lawyers must suffer; on the contrary, again I may say that it is a positive proof of the real merits of the theory, when I admit that if it is carried out, it will ruin lawyers and pawnbrokers.

To the “ready-money capitalist,” I say, “Go at once and invest your money in land, and you will reap a large profit on your outlay.” If he does not it is his own fault. He will never again be able to obtain the rate of interest he has been in the habit of charging; he will have to seek other ways of investing his capital. I believe all our laws have been studied to find those that will attack the poor and assist the rich. I think the ready-money capitalist can well afford any alteration in these laws—he can take care of himself. My proposal will benefit all but the lawyer, the pawnbroker, and the large and wealthy ready money capitalist. Will any one be sorry for them? I believe not.

“Trade and commerce generally” must flourish with increase of circulating medium. Trade and commerce would not only be benefitted to the extent of the interest they would save, but the facilities that would be given for obtaining advances and discounts would simplify the financial department of business generally, and render a business man a happier one; low rate of interest would be a most powerful impetus to trade and commerce generally, and would develop the resources

and productions of the whole world. It is capital only that is required to increase production, both of the necessities and luxuries of life, to an unlimited extent, and bring them from every hole and corner of the globe. We possess intelligence, courage, industry, invention, perseverance, talent; but without capital all these are comparatively useless. I can also argue that circulating medium based upon land would be a greater incentive to labour than if the circulating medium was based upon gold, as we have every reason to know that wherever gold is found those countries soon degenerate, as the people give themselves up to gaming and every kind of debauchery; while England, wherein there is little or no gold to be found, is the richest in the universe, by reason of her industry.

England as a country would be increased in her intrinsic value—her waste land would be brought into cultivation, she would grow more food on her own soil, and be more independent of foreign aid, and her population would not require to emigrate to obtain employment. England as a nation would become more powerful, because she would have a greater amount of floating capital. She would become the money-lender or pawnbroker to the universe, taking advantage of her own unlimited credit, by lending money to those who were not in her position, and on proper security.

The Exchequer would be benefitted in innumerable ways. There would be the direct profit of $1\frac{1}{4}$ per cent. per annum on the whole amount of the notes issued on landed securities, which would be something enormous. There would be the addition to the income tax—the income being greater there would be more poundage due and payable. There would be the taxes payable on the extra consumption that wealth induces. The interest for all Exchequer Bills issued would be reduced at once to 2 per cent., so there would be a gain there. But the ramifications of such a system are so great, all tending to benefit the Exchequer, that it is hardly necessary to dive further into them unless required to do so by the arguments of others attempting to prove the theory fallacious.

The effects of such a theory upon the national debt are so astounding that I will attempt to show it, as the effects of this theory of an issue of notes have been shown upon nearly all classes of the community. I would now proceed with its effects upon the national debt. We will say the national debt amounts now to 800,000,000, and that the annual interest which must be provided by taxation amounts, at 3 per cent., to £24,000,000. Supposing that the interest was reduced to 2 per cent, by legal enactment, which, according to my belief can be done, the effect would be that a permanent Government promise to pay 3 per cent. would be worth exactly 50 per cent. more (or half as much more) than a permanent Government promise to pay 2 per cent. would be worth. So, if money could be obtained to any extent upon landed security at 2 per cent. per annum, it would require a man to invest £150 to obtain £3 per annum. If our funds were at 95 how long would they remain at so low a price? Our funds must fluctuate in value for various reasons under our present monetary system; and under any other system there would be some fluctuations, caused by foreign loans, war, or our internal necessities, the variety of circumstances of daily occurrence, the fancies of the public, and the operations of speculators. But were we to make a steady rate of 2 per cent. the funds would partake of that steadiness.

We find stock of any description rises in proportion to the annual interest it pays, and falls as rapidly as the income becomes reduced. It is quite immaterial what or how much is given for any kind of stock or article, the instant it is palpable that the permanent annual income is to be obtained securely, safely, and without risk or doubt, that instant the stock or article rises to what it is worth as an investment, at the rate of interest of the time or thereabouts. But as the Government hold the power to pay off certain stock at a given period at par, such stock would only rise taking into consideration the term for which the interest at a high rate (say 3 per cent.) would be certainly payable.

The consequence to the national debt would therefore

be—that upon the Government issuing fresh tenders for loans—interest of money having been reduced, to the world, to 2 per cent.—the world would lend it back again to the State at a trifle over 2 per cent., so that the Government could eventually reduce the interest on the £800,000,000 to nearly 2 per cent. and thus effect a saving of nearly £8,000,000 per annum upon the interest of our national debt alone. Now this, from its vastness, may appear chimerical, but to my opinion it is sound reasoning. Let those gainsay it who have the power. The real fact of the case would then stand thus:—Supposing the landowners borrowed to the extent of £500,000,000, the Government would gain a profit to the extent of £1,000,000 per annum or thereabouts, from this source, and by the reduction of interest and fresh loans they would save £8,000,000, so that £9,000,000 would probably be saved per annum at no very distant date. This, I must admit, is a staggering assertion or conclusion, and yet I cannot see wherein I err. Added to all this, we have also the indirect profit which would accrue, and which has already been partially noticed.

Now, after all, this is merely handling large sums as we do small ones daily. Bankers, pawnbrokers, bill-brokers, and money-lenders carry on the system daily of borrowing in the cheapest market and lending where they can get a better interest. This is the system with all commerce in money.

If an individual has an estate mortgaged at 5 per cent., and he can find some one ready to advance the money at $3\frac{1}{2}$ per cent., there can be no doubt that by transferring it from the one to the other he saves $1\frac{1}{2}$ per cent. per annum, and such transactions are of frequent occurrence. If a merchant has bills to discount he goes where he can get them done at the lowest rate, and saves perhaps 1 per cent. by going to the best market.

My theory is proved to a certain extent, as I argue that our grand point should be to let the foreigner hold our notes, so that we reap the benefit of the interest while they are in circulation. Several of our banks—

viz., the London Joint Stock, London and Westminster Bank, Messrs. Coutts & Co., and others—grant notes payable abroad, to be afterwards paid by them here, and all the profit they get is the interest while the notes are in circulation. It pays them! Why should it not pay the nation? Their notes pass current, why not those of the nation?

Trade must be kept in its legitimate channel of supply and demand, alleviated by low interest of money. Land is real security—everything else doubtful

But I know it will be urged against me, "What will the present holders of money in the funds do if their interest will eventually be reduced to 2 per cent. instead of the present 3 per cent.?"—but even here our system finds assistance for itself. The holder of 3 per cent. stock could sell it out, as the stock at present price would be of more value. Consols would rise beyond par, so that the holder of 3 per cent. stock instead of receiving £27 for £100 stock as at present, could receive, in hard cash, from £110 or £120 for his £100 stock, so here he would have from £15 to £20 paid down, which would be equivalent to the interest payable during six or seven years, and I fancy this would be fair compensation to all such unfortunates.

Bank notes based upon land would be *bona fide* circulating medium; we could issue such, and no rise of price, except in land, need follow. An equal distribution of circulating medium is not consequent upon an equality of prices, but it would be consequent upon an equality of talent and industry, which can never take place.

Some say that in giving a sovereign for an article the transaction is one of barter, but it is not so exactly, because the sovereign has only a representative value, a token and standard of value for articles of necessity; for gold is not an article of necessity. If we give corn for wool that would be barter, but it is to prevent the trouble of barter that gold is used, or, in other words, gold being used simplifies barter, but is itself merely the medium of transfer. Its value is awarded to it by man, whereas food or necessities demand and obtain their

own value, because it sustains life—gold has only an *imaginary* whilst food has a *real* value.

Trade cannot be kept in its legitimate channel of supply and demand, unless alleviated by low interest of money. Land is real security—everything else as a real security is doubtful.

If there were held security in land to double the amount of any notes issued, how could such notes become reduced in value? No matter to what extent they were issued they could not fall! The effect would be, that circulating medium would be more plentiful, and capitalists would be offering it at less than 2 per cent. interest and might thus do away with the necessity for those who wanted money on land applying to the Mortgage Registration Office.

Every one at home and abroad would take such notes. We should be manufacturing circulating medium for the whole world eventually, and should gain 2 per cent. per annum by all that was in circulation.

Our course is this :—We should organize a Bank of the Nation, to issue notes well secured and convertible into gold on demand. As we *must* have a standard, of value we may as well keep to the present one to avoid endless confusion by a fluctuating price for gold.

We must, in effect, maintain convertibility, because the world likes it, having been used to it; but large issues of notes would drive the gold here fast, and would make convertibility easier than ever.

We *must* have a standard of value as much as a standard of length or weight. Gold is the best standard we can have, for reasons which have been well canvassed here and I think will be universally admitted.

We must issue our notes upon that basis; if we do so I think the general condition of the greater number of the classes who gain their bread by industry, would be materially improved.

GENERAL REMARKS.

There is no possibility of the whole of the depositors in the various banks obtaining in money the amount of their deposits, the money is not in existence—not only is it not in existence in gold, but it is not in existence in any kind of currency whatever.

When depositors of money in Banks run to their Banks for payment either in gold or notes, they are perfectly entitled to do so, they do so thinking their money is in danger, and they in times of panic have good grounds for those opinions; they run for their money, not because they really want it, but because they fear its ultimate security will be endangered; there never would be any run upon Bankers were they enabled to prove that they could pay up in currency every penny deposited with them in currency.

There is no analogy between an issue of notes secured on land by America, or by any other country, to that of an issue by England on such security, any more than there is between the value of the acceptances of a firm which has been insolvent, or is on the eve of Bankruptcy, to that of a well known and solvent firm. The capitalists of one country frequently gain when the currency of another country temporarily falls in public estimation, whilst that other country loses.

If the creditors of a country or of an individual endeavour to enforce immediate payment for sums that should extend over a series of years, the first result is ruin to the debtor, and the second is loss to the creditor.

When Bankers fail, it is because they have lent their money on bad securities, from their having been robbed or from downright folly or extravagance.

Once all the Banks in Pennsylvania, including the United States Bank, (capital 7 millions,) failed, and there was no currency—ruin and fall of prices extended to Connecticut, although they were still solvent. The fall of one Bank tends to throw discredit on others.

What is the difference of 13 per cent. discount on a note as it was in Philadelphia in 1839, and 10 per cent. discount on our bills? It certainly cannot be more than 3 per cent.

If England paid £100 to a foreign country for a bale of Silk when money was at 3 per cent. and interest rises to 10 per cent., the value of that bale is in all probability depreciated here so low that £70 will purchase it, so that the party from whom it was originally bought could buy his own goods back from us, supply our own customers, and make a handsome profit on the several transactions.

Hoarded gold is of no use to any one, it is a nonproductive security; land is a productive security.

Irish and Scotch notes are payable in gold in their respective countries, and yet are to be sold in England only by submitting to a trifling discount, because they are not legal tenders here, this is done for the interest of the Bank of England.

It is an absurd idea to think that the speculation of members of a community amongst themselves can result in the abstraction of any of the aggregate wealth of that community, unless they send their money to foreign countries.

In Berlin there was a law issued in May 1866 ordering the establishment of public loan offices, and an issue of notes representing the advances made by these loans to the extent of 25 million Thalers (about 4½ millions sterling), the operations to be solely for the benefit of the middle classes—a good commissioner specially appointed has the power over these advances.

During the last 25 years the increase in the number of Banks in England has been enormous, and their profits have been gigantic.

The Bank of Ireland is paid £83,500 per annum for transacting the government business.

**EXPLANATION OF THE BANK BALANCE
SHEET FOR THE WEEK ENDING
20TH JUNE, 1866.**

In order to show the exact position of the Bank of England, a return similar to the one herewith inserted is officially returned weekly, and every one can investigate the real state of its affairs.

The Bank of England return for the week ending the 20th June, 1866 was as follows :

ISSUE DEPARTMENT.

Notes issued	£29,174,110	Government Debt ...	£11,015,100
		Other Securities.....	8,984,900
		Gold Coin & Bullion	14,174,110
		Silver Bullion.....	—
	£29,174,110		£29,174,110

BANKING DEPARTMENT.

Proprietors' Capital	£14,553,000	Government Securities, including Dead	
Rest	8,504,161	Weight Annuity...	£11,148,454
Public Deposits (including Exchequer,		Other Securities ...	81,209,162
Savings Bks., Commissioners of National Debt and Dividend Accounts)...	7,288,344	Notes.....	4,067,320
Other Deposits	21,171,857	Gold & Silver Coin	677,010
Seven Day and other Bills	585,084		
	£47,101,946		£47,101,946

Upon making a comparison between the above Dr. and Cr. account, and that inserted in the *Gazette* of the week before the changes in the principal items are found to be as under :

Active Circulation	£25,106,790	Decrease.....	£859,555
Public Deposits	7,288,314	Increase.....	161,375
Other Deposits	21,171,357	Increase.....	1,044,010
Rest.....	3,504,161	Increase.....	39,297

On the creditor side of the account :

Government Securities	£11,148,454	Increase.....	£50,000
Other Securities.....	31,209,162	Decrease.....	61,115
Notes unemployed.....	4,067,320	Increase.....	1,337,990
Bullion	14,851,120	Increase.....	869,225

The division of the departments has to a certain extent the effect of misleading many, so I will endeavour to explain the balance sheet now before us for the benefit of those who have not given the subject their attention. Now, in the first place the notes issued amounted to £29,174,110 but on the other hand there were 4,067,320 in the banking department

so that 25,106,790 were really in circulation in the hands of the public, that is to say, there were in circulation this enormous amount of notes which had been passed away by the Bank of England to their customers and they were positively compelled to pay every one of those notes in gold immediately on presentation; now, how could they do this? When we look upon the other side of the question to ask what amount of gold they had in their possession ready to meet that demand we find that the Bank held

Gold in the issue department	£14,174,110
„ Banking „	677,010

or a grand total of£14,851,120

Now, provided these were the total liabilities of the Bank of England, little more than one half of the Bank notes then in circulation could really have been met and paid in gold, and if by any possibility that amount of

notes could rapidly have been presented for payment, specie payments must have ceased, but these were *not* the whole of the liabilities of the Bank of England. By her own returns she owed under the head of *other* deposits the enormous amount of £21,171,357 ; these deposits were the amounts of money which belonged to the people, that is to say, the amounts the people had lying at their immediate command by the simple process of drawing cheques for those amounts now this enormous amount was as likely to be called for to be paid in a time of panic, or even more likely in the case of a Gold panic than the notes, because the notes having passed so widely into circulation it might be difficult for such a serious amount to come in for payment at once, but not so with these deposits. Should there have arisen any discredit to the Bank of England, the people would immediately have rushed and ran upon that Bank for their deposits in the same way in which they came down upon the Agra and Masterman's, and the other Banks, which not long ago from that cause had to close their doors from their inability to meet all their engagements at the moment, and not, as was afterwards proved, from inability to pay ultimately.

It is true that when the depositor demands his deposits, the Bank of England has the privilege of paying him in Bank notes, they being a legal tender, but this would only delay the real payment in gold for a very few minutes, for the moment the depositor obtained the amount of his deposits in Bank notes, that moment he could present the notes he had received, and demand gold for them, so that the Bank of England are as much compelled in safety to themselves to hold a reserve of gold to pay these deposits, as they are compelled by law in the issue department to hold gold for the notes, so that here we really have an aggregate amount

..... of	£25,106,790	notes
	£21,171,357	deposits

or a grand total of £46,278,147, which the Bank of England was liable to pay in gold on demand, and yet the whole amount of gold in the Bank was only £14,851,120. It can

plainly be seen then that the Bank could under these circumstances only pay one third of the real liabilities under these two heads, but these are not all ; the Bank was under a still greater indebtedness.

Under the head of public deposits, the Bank then held money, the property of the nation, amounting to no less a sum than £7,288,344 ; now this amount was the accumulation of the amounts received by the Government in payment of the Taxes, Sales, &c., and which were in all good faith paid into the Bank of England, subject to the demand of the Government at any time, but a large proportion of this amount was shortly paid by them as the dividends on the National Debt. When those dividends are paid, it entirely depends upon the feelings of the people with regard to the stability of the Bank whether they pay them back to the Bank in another form, or not so that to all the intents and purposes of our argument this amount becomes another liability, which must also be provided for to be paid in gold on demand and the position would then be,

Notes and deposits		£46,278,147
Government do.		7,288,345 making

a grand total of £53,566,491 the total amount of indebtedness payable by the Bank in Gold if required, so far as the public is concerned ; after this comes the rest, which then amounted to £3,504,161 ; this rest is the accumulation of the Bank profits, and is the property of the Shareholders of the Bank of England, otherwise the holders of Bank Stock, and this amount is also expected to be held in reserve in Gold ready to meet any serious losses the Bank might sustain, this amount we will not, however, take into our calculation, as this is a matter between the Bank Directors and the Shareholders of the Bank. We must look at the deficiency now existing as a grand total, and we take it thus

Total indebtedness		53,566,491
Gold in the Bank		14,851,120
leaving		£38,715,371

which they cannot pay in Gold, what then have they to pay it with? We will assume that the Government Debt to the Bank, viz.—

	11,015,100
and	3,984,900

Total £15,000,000

that this is a really good and substantial security, and in the event of the Bank finding itself in difficulties, they might fairly be able to demand from the country the repayment of this 15 millions in Gold, but where is the Gold to come from to pay it with? If this amount were demanded by the Bank, the money would be paid there can be no doubt of that, and it would be paid to the Bank in her own notes, consequently the circulation of Bank of England notes would be diminished by this payment to a total circulation of 10 millions, and at the same time the Bank would lose the privilege of an issue of 15 millions, so that she would then entirely depend upon the amount of Gold she held as to the amount of notes she was permitted to issue, supposing even that this privilege were not withdrawn if the Bank demanded her money from the Government.

The question would then arise whether after the Bank of England had demanded payment of the money due to her by Government, the Government in return would any longer permit the Bank to hold their deposits of £7,288,344, and it is natural to suppose that the country would at once demand the sum from the Bank, it being their own, and the Bank would then be left with a balance of about 7 millions of gold to carry on her enormous transactions.

It is true the Bank of England has no less a sum than £31,209,162 in what are considered securities, but in what do those securities consist? why, the greater portion is composed of Merchants' Bills, and what would Merchant Bills be worth if there was a suspension of specie payments? The discovery would then be made that the Bank of England would be in an exactly similar position to any other Bank that had lent such enormous sums on the security of trade and commerce; and even supposing that a large sum was lent on Consols or other government securities,

such securities would fall in ready-money value, and so render the Bank a heavy loser.

The object and end of this argument is simply to shew the folly of placing the Bank in her present position by the Bank Charter Act, that position being an entirely false one so far as the public is concerned, and one that cannot bear strict scrutiny. We see that the Bank had that week increased the Rest by no less an amount than £39,297; this increase of Rest means that the Bank capital had increased to that extent during the week, or in other words that the week's profits amounted to that sum. The Shares in the Bank of England are 140,000 of £100 each, and the weekly profits being then about £40,000 it follows that the profit then being made was about 5s. 9d. per share per week, or about 15 per cent. per annum.

If then, as is publicly stated, high interest means bad security, what must have been the position of this establishment? It may be urged that Bank Stock now being at 247, the rate of interest really paid to those who hold the stock is not much more than the ordinary rate, but this has nothing whatever to do with the matter, this only shews that those who purchase the Stock fully believe that the dividend is likely to be a permanent one, and believing in the soundness of the conduct of the Bank are willing to place it on almost the same footing as Consols, and in doing which they do not much err, because the country dares not let the Bank of England fail to redeem her promises, but must as matters are at present constituted support her under all circumstances; but I hope to see the day when these profits shall be the profits of the nation, instead of those of a Joint Stock Corporation, who, if my arguments are sound are really upheld by the credit of the nation, and not on their own capital, sagacity, and foresight, or any great share of wisdom on the part of the Directors.

The following is the Bank of England return for the week ending November 17th, 1875.

ISSUE DEPARTMENT.

Notes issued	£37,598,395	Government Debt ...	£11,015,100
		Other Securities.....	8,984,900
		Gold Coin & Bullion	22,598,395
		Silver Bullion.....	—
	£37,598,395		£37,598,395

BANKING DEPARTMENT.

Proprietors' Capital	£14,553,000	Government Securities	£12,311,095
Rest	8,109,228	Other Securities ...	19,296,782
Public Deposits (including Exchequer, Savings Bks., Commissioners of National Debt and Dividend Accounts)...	3,423,016	Notes.....	9,847,845
Other Deposits	20,734,518	Gold & Silver Coin	727,602
Seven Day and other Bills	863,567		
	£42,183,324		£42,183,324

Comparing the above debtor and creditor account with that inserted in last week's *Gazette*, the changes in the principal items are found to be as under :

Active Circulation.....	£27,750,550	Decrease...	£414,790
Public Deposits	3,423,016	Increase ...	199,427
Other Deposits	20,734,518	Increase ...	524,555
Rest	8,109,228	Increase ...	6,938

On the creditor side of the account :

Government Securities.....	£12,311,095	Increase ...	£500,000
Other Securities	19,236,782	Increase ...	346,326
Notes unemployed	9,847,845	Increase ...	458,350
Bullion	22,598,397	Increase ...	136,198

The following is the return of Paid Clearing for the week ending November 17th 1875 :

Thursday.....	£14,089,000	Tuesday	£15,532,000
Friday.....	99,115,000	Wednesday	12,849,000
Saturday.....	20,426,000		
Monday	16,340,000		<u>£118,351,000,</u>

We have an issue of notes to the extent of

£37,598,395

Less in Banking department 9,847,845

Really in circulation £27,745,550 ; or nearly five millions more than in the return for 1866. There is Gold, &c. in the Bank to the extent of 22,598,395

In Banking department 727,602

Being a total of gold and silver of 23,325,977 or about 8 millions more than in the return of 1866.

The Bank owes the Public under the head of other deposits £20,734,518

do. under the head of Government balances 3,423,016

do. under the head of Bills payable 868,567

£24,521,101

Add to this the amount of notes in circulation 27,745,550

And we find that their total liabilities are £52,266,651

which they might have to pay in gold ; at all events it is due in that metal if demanded, and they have about 24 millions to pay it with, or about 9/6 in the pound in in gold and silver coin and bullion.

It will be seen that the deposits of the people were greater in the time of the panic than in November, 1875, and that the Government balances were less, and that there is more gold in the Bank and more notes in circulation in 1875 than there was in 1866.

It must also be specially noted that in the time of panic, when interest was 10 per cent., the loans on securities amounted to £31,209,162, while in November, 1875 the loans on securities amounted to 19,296,782.

So that..... £12,912,380
additional were then let out to the needy by the generous

Bank of England. The interest on this amount for one week at 10 per cent. per annum amounts to about £125,000, but as these loans were not advanced at 10 per cent., it appears from the return that the increase of the Rest or profit of the Bank in the panic week amounted to £39,297, which was a very nice little sum to drag out of the ruin of commerce. The return for November 17th, 1875, shews their profits to be in that week only £6,933, or at the rate of about £350,000 per annum; let thinking men ponder this, and I think they will admit that there is some reason for my attempting to destroy so great a monopoly.

THE BANK CHARTER ACT.

Victoria 7 and 8, Cap. 32.

An Act to regulate the issue of Bank Notes, and for giving to the Governor and Company of the Bank of England certain privileges for a limited period.

[19th July, 1844.]

I. WHEREAS it is expedient to regulate the issue of Bills or Notes payable on demand : And whereas an Act was passed in the fourth year of the reign of his late Majesty King William the Fourth, intitled *An Act for giving to the Corporation of the Bank of England certain Privileges for a limited period, under certain conditions* ; and it is expedient that the Privileges of exclusive Banking therein mentioned should be continued to the said Governor and Company of the Bank of England, with such alterations as are herein contained, upon certain conditions: May it, therefore, please your Majesty that it may be enacted ; and be it enacted by the Queen's most excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, that from and after the Thirty-first day of August, One thousand eight hundred and forty-four, the Issue of Promissory Notes of the Governor and Company of the Bank of England, payable on demand, shall be separated, and thenceforth kept wholly distinct from the general Banking business of the said Governor and Company ; and the business of and relating to such Issue shall be thenceforth conducted and carried on by the said Governor and Company in a separate department, to be called "The Issue Department of the Bank of England," subject to the Rules and Regulations hereinafter contained, and it shall be lawful for the Court of Directors of the said Governor and Company, if they shall think fit to appoint a Committee or Committees of Directors for the conduct and management of such Issue Department of the Bank of England, and from time to time to remove the members, and define, alter, and regulate the constitution and powers of such Committee, as they shall think fit, subject to any Bye-Laws, Rules, or Regulations, which may be made for that purpose : Provided nevertheless, that the said Issue Department shall always be kept separate and distinct from the Banking Department of the said Governor and Company.

Exclusive Banking given to the Bank of England under more favourable conditions than heretofore.

The Bank to be governed by its own members, and so to issue a weekly balance sheet that the general public may not readily understand it.

Allowing the Bank of England to issue £14,000,000 in notes because the government owe that sum to the Bank on their securities.

II. And be it enacted, that upon the thirty-first day of August, one thousand eight hundred and forty-four, there shall be transferred, appropriated, and set apart by the said Governor and Company to the Issue Department of the Bank of England securities to the value of fourteen million pounds, whereof the debt due by the Public to the said Governor and Company shall be and be deemed a part; and there shall also at the same time be transferred, appropriated, and set apart by the said Governor and Company to the said Issue Department so much of the Gold Coin, and Gold and Silver Bullion then held by the Bank of England, as shall not be required by the Banking Department thereof; and thereupon there shall be delivered out of the said Issue Department into the said Banking Department of the Bank of England such an amount of Bank of England Notes as, together with the Bank of England Notes then in circulation, shall be equal to the aggregate amount of the Securities, Coin, and Bullion so transferred to the said Issue Department of the Bank of England; and the whole amount of Bank of England Notes then in circulation, including those delivered to the Banking Department of the Bank of England as aforesaid, shall be deemed to be issued on the credit of such Securities, Coin, and Bullion so appropriated and set apart to the said Issue Department; and from thenceforth it shall not be lawful for the said Governor and Company to increase the amount of Securities for the time being in the said Issue Department, save as hereinafter is mentioned, but it shall be lawful for the said Governor and Company to diminish the amount of such Securities, and again to increase the same to any sum not exceeding in the whole the sum of Fourteen Million Pounds, and so from time to time as they shall see occasion; and from and after such Transfer and Appropriation to the said Issue Department as aforesaid, it shall not be lawful for the said Governor and Company to issue Bank of England Notes, either into the Banking Department of the Bank of England, or to any persons or person whatsoever, save in exchange for other Bank of England Notes, or for Gold Coin, or for Gold or Silver Bullion received or purchased for the said Issue Department under the provisions of this Act, or in exchange for Securities acquired and taken in the said Issue Department under the provisions herein contained: Provided always, that it shall be lawful for the said Governor

and Company in their Banking Department to issue all such Bank of England Notes as they shall at any time receive from the said Issue Department or otherwise, in the same manner in all respects as such Issue would be lawful to any other person or persons.

III. And whereas it is necessary to limit the amount of Silver Bullion on which it shall be lawful for the Issue Department of the Bank of England to issue Bank of England Notes ; be it, therefore, enacted, that it shall not be lawful for the Bank of England to retain in the Issue Department of the said Bank at any one time an amount of Silver Bullion exceeding one fourth part of the Gold Coin and Bullion at such time held by the Bank of England in the Issue Department.

Inoperative.

IV. And be it enacted, that from and after the thirty-first day of August, one thousand eight hundred and forty-four, all persons shall be entitled to demand from the Issue Department of the Bank of England, Bank of England Notes in exchange for Gold Bullion, at the rate of three pounds seventeen shillings and ninepence per ounce of standard Gold : Provided always, that the said Governor and Company shall in all cases be entitled to require such Gold Bullion to be melted and assayed by persons approved by the said Governor and Company, at the expense of the parties tendering such Gold Bullion.

All Persons may obtain Notes for Gold Bullion, by losing about 1½d. per ounce.

V. Provided always, and be it enacted, that if any Banker who on the sixth day of May, one thousand eight hundred and forty-four, was issuing his own Bank notes, shall cease to issue his own Bank Notes, it shall be lawful for Her Majesty in Council at any time after the cessation of such Issue, upon the application of the said Governor and Company, to authorise and empower the said Governor and Company to increase the amount of Securities in the said Issue Department beyond the total sum or value of fourteen million pounds, and thereupon to issue additional Bank of England Notes to an amount not exceeding such increased amount of Securities specified in such order in Council, and so from time to time : Provided always, that such increased amount of Securities specified in such order in Council shall in no case exceed the proportion of two thirds the amount of Bank Notes which the Banker so ceasing to issue may have been authorized to issue under the provisions of this Act ; and every such order in Council shall be published in the next succeeding *London Gazette*.

As country Banks die out or fail, or are bought up by the Bank of England, she can circulate the amount of note issues thus relinquished.

VI. And be it enacted, that an account of the amount of Bank of England Notes issued by the Issue Department of the Bank of England, and of Gold Coin, and of Gold and Silver Bullion respectively, and of Securities in the said Issue Department, and also an account of the Capital Stock, and the Deposits, and of the Money and Securities belonging to the said Governor and Company in the Banking Department of the Bank of England, on some day in every week to be fixed by the Commissioners of Stamps and Taxes, shall be transmitted by the said Governor and Company weekly to the said Commissioners in the form presented in the Schedule hereto annexed marked (A); and shall be published by the said Company in the next succeeding *London Gazette*, in which the same may be conveniently inserted.

The Stamp duty at 1 per cent. would amount to £360,000 per annum.

VII. And be it enacted, that from and after the said thirty-first day of August, one thousand eight hundred and forty-four, the said Governor and Company of the Bank of England shall be released and discharged from the payment of any Stamp duty, or composition in respect of Stamp duty, upon or in respect of their Promissory Notes payable to Bearer on Demand, and all such Notes shall henceforth be and continue free, and wholly exempt from all liability to any Stamp Duty whatsoever.

VIII. And be it enacted, that from and after the said thirty-first day of August, one thousand eight hundred and forty-four, the payment or deduction of the annual sum of one hundred and twenty thousand pounds, made by the said Governor and Company, under the provisions of the said Act passed in the Fourth year of the Reign of His late Majesty King William the Fourth, out of the sums payable to them for the charge of management of the Public unredeemed Debt, shall cease, and in lieu thereof the said Governor and Company, in consideration of the privileges of exclusive Banking, and the exemption from Stamp Duties, given to them by this Act, shall, during the continuance of such privileges and such exemption respectively, but no longer, deduct and allow to the public, from the sums now payable by Law to the said Governor and Company for the charges of management of the Public unredeemed Debt, the annual sum of one hundred and eighty thousand pounds, anything in such Act or Acts of Parliament, or in any Agreement, to the contrary notwithstanding: Provided always, that such deduction shall in no respect prejudice or affect

£60,000 more to be in lieu of about £240,000 given up.

the rights of the said Governor and Company to be paid for the management of the public Debt at the rate and according to the terms provided in an Act passed in the forty-eighth year of the Reign of his late Majesty King George the Third, intituled, *An Act to authorise the advancing for the public service, upon certain conditions, a proportion of the Balance remaining in the Bank of England, for the payment of unclaimed Dividends, Annuities, and Lottery prizes, and for regulating the allowances to be made for the Management of the National Debt.*

This means interest on all such advances on any single account although the total balances were large in gross,

IX. And be it enacted, that in case, under the Provisions hereinbefore contained, the Securities held in the said Issue Department of the Bank of England shall at any time be increased beyond the total amount of Fourteen Million Pounds, then and in each and every year in which the same shall happen, and so long as such increase shall continue, the said Governor and Company shall, in addition to the said annual sum of one hundred and eighty thousand pounds, make a further payment or allowance to the public, equal in amount to the net profit derived in the said Issue Department during the current year from such additional Securities, after deducting the amount of expenses occasioned by the additional Issue during the same period, which expenses shall include the amount of any and every composition or payment to be made by the said Governor and Company to any Banker in consideration of the discontinuance at any time hereafter of the Issue of Bank Notes by such Banker; and such further payment or allowance to the public by the said Governor and Company shall, in every year while the public shall be entitled to receive the same, be deducted from the amount by law payable to the said Governor and Company for the charges of Management of the Unredeemed Public Debt, in the same manner as the said annual sum of one hundred and eighty thousand Pounds is hereby directed to be deducted therefrom.

I challenge the Bank to shew that on any occasion the public have ever benefitted one penny by this clause.

X. And be it enacted, that from and after the passing of this Act, no person other than a Banker who on the sixth day of May, one thousand eight hundred and forty four, was lawfully issuing his own Bank Notes shall make or issue Bank Notes in any part of the United Kingdom.

This is the gradual destruction of every other Bank which issues Notes.

XI. And be it enacted, that from and after the passing of this Act, it shall not be lawful for any Banker to draw, accept, make, or issue, in England

Here the Bank secures the monopoly of an issue of Notes, as she craftily provides that no Banker who issued Notes could form his Bank into a joint Stock Company.

or Wales, any kind of Exchange or Promissory Note or engagement for the payment of money payable to Bearer on Demand, or to borrow, owe, or take up, in England or Wales, any sums or sum of money on the Bills or Notes of such Banker payable to bearer on demand, save and except that it shall be lawful for any Banker who was on the sixth day of May, one thousand eight hundred and forty-four, carrying on the business of a Banker in England or Wales, and was then lawfully issuing, in England or Wales, his own Bank Notes, under the authority of a license to that effect, to continue to issue such Notes to the extent and under the conditions hereinafter mentioned, but not further or otherwise, and the right of any Company or Partnership to continue to issue such Notes, shall not be in any manner prejudiced or affected by any change which may hereafter take place in the personal Composition of such Company or Partnership, either by the transfer of any Share or Shares therein, or by the admission of any new Partner or Member thereto, or by the retirement of any present Partner or Member therefrom; Provided always, that it shall not be lawful for any Company or Partnership now consisting of only six or less than six persons to issue Bank Notes at any time after the number of Partners therein shall exceed six in the whole.

The methods by which this monopoly will be gradually secured.

XII. And be it enacted, that if any Banker in any part of the United Kingdom, who, after the passing of this Act shall be entitled to issue Bank Notes shall become Bankrupt, or shall cease to carry on the business of a Banker, or shall discontinue the Issue of Bank Notes, either by Agreement with the Governor and Company of the Bank of England, or otherwise, it shall not be lawful for such Banker at any time thereafter to issue any such Notes:

Curbs all Country Banks as to amount of their issues immediately.

XIII. And be it enacted, that every Banker claiming under this Act to continue to issue Bank Notes in England or Wales shall within one month next after the passing of this Act, give notice in writing to the Commissioners of Stamps and Taxes at their Head Office in London of such claim, and of the place and name and firm at and under which such Banker has issued such Notes during the twelve weeks next preceding the Twenty-seventh day of April last; and thereupon the said Commissioners shall ascertain if such Banker was on the Sixth day of May, one thousand eight hundred and forty-four, carrying on the business of a Banker, and

lawfully issuing his own Bank Notes in England or Wales, and if it shall so appear then the said Commissioners shall proceed to ascertain the average amount of the Bank Notes of such Banker which were in circulation during the said period of twelve weeks preceeding the Twenty-seventh day of April last, according to the Returns made by such Banker in pursuance of the Act passed in the Fourth and Fifth years of the Reign of Her present Majesty, intituled *An Act to make further Provision relative to the Returns to be made by Banks of the Amount of their Notes in circulation*; and the said Commissioners or any two of them shall certify under their hands to such Banker the said average amount, when so ascertained as aforesaid; and it shall be lawful for every such Banker to continue to issue his own Bank Notes after the passing of this Act: Provided nevertheless, that such Banker shall not at any time after the Tenth day of October, one thousand eight hundred and forty-four, have in circulation upon the average of a period of four weeks, to be ascertained as hereinafter mentioned, a greater amount of Notes than the amount so ascertained.

XIV. Provided always, and be it enacted, that if it shall be made to appear to the Commissioners of Stamps and Taxes that any two or more Banks have, by written Contract or Agreement (which Contract or Agreement shall be produced to the said Commissioners,) become united within the Twelve Weeks next preceeding such Twenty-seventh day of April as aforesaid, it shall be lawful for the said Commissioners to ascertain the average amount of the Notes of each such Bank in the manner hereinbefore directed, and to certify the average amount of the Notes of the Two or more Banks so united as the amount which the united Bank shall thereafter be authorized to issue, subject to the Regulation of this Act.

But they could not be united if there were more than six partners, or they would lose their privilege to issue Notes.

XV. And be it enacted, that the Commissioners of Stamps and Taxes shall, at the time of certifying to any Banker such particulars as they are hereinbefore required to certify, also publish a duplicate of their certificate thereof in the next succeeding *London Gazette*, in which the same may be conveniently inserted; and the *Gazette* in which such Publication shall be made, shall be conclusive evidence in all Courts whatsoever of the amount of Bank Notes which the Banker named in such Certificate or Dup-

licate is by Law authorized to issue and to have in circulation as aforesaid.

So that if there were four partners in each of two banks, two must give way.

XVI. And be it enacted, that in case it shall be made to appear to the Commissioners of Stamps and Taxes, at any time hereafter, that any two or more Banks, each such Bank consisting of not more than six persons, have, by written Contract or Agreement (which Contract or Agreement shall be produced to the said Commissioners,) become united subsequently to the passing of this Act, it shall be lawful for the said Commissioners, upon the application of such united Bank, to certify, in manner hereinbefore mentioned, the aggregate of the amounts of Bank Notes which such separate Banks were previously authorised to issue, and so from time to time; and every such certificate shall be published in manner hereinbefore directed; and from and after such Publication the amount therein stated shall be and be deemed to be the Limit of the amount of Bank Notes which such united Bank may have in circulation: Provided always, that it shall not be lawful for any such united Bank to issue Bank Notes at any time after the number of Partners therein shall exceed six in the whole.

To effectually stop increase of issues.

XVII. And be it enacted, that if the monthly average circulation of Bank Notes of any Banker, taken in the manner hereinafter directed, shall at any time exceed the amount which such Banker is authorized to issue and to have in circulation under the provisions of this Act, such Banker shall in every such case forfeit a sum equal to the amount by which the average monthly circulation, taken as aforesaid, shall have exceeded the amount which such Banker was authorised to issue and to have in circulation as aforesaid.

They want to know how other banks are proceeding.

XVIII. And be it enacted, that every Banker in England and Wales, who, after the tenth day of October, one thousand eight hundred and forty-four, shall issue Bank Notes shall on some one day in every week after the nineteenth day of October, one thousand eight hundred and forty-four (such day to be fixed by the Commissioners of Stamps and Taxes), transmit to the said Commissioners an account of the amount of Bank Notes of such Banker in circulation on every day during the week ending on the next preceeding Saturday, and also an account of the average amount of the Bank Notes of such Banker in circulation during the same week; and on completing the first period of four weeks, and so on completing each successive period of four weeks, every such Banker shall annex to such account the average amount of Bank Notes of such Banker in circulation

during the said four weeks, and also the Amount of Bank Notes which such Banker is authorized to issue under the provisions of this Act; and every such account shall be verified by the signature of such Banker or his Chief Cashier, or, in the case of a Company or Partnership, by the signature of a Managing Director, or Partner, or Chief Cashier of such Company or Partnership, and shall be made in the Form to this Act annexed marked (B); and so much of the said Return as states the weekly average Amount of the Notes of such Bank shall be published by the said Commissioners in the next *London Gazette* in which the same may be conveniently inserted; and if any such Banker neglect or refuse to render such Account in the Form and at the time required by this Act, or shall at any time render a false Account, such Banker shall forfeit the sum of One Hundred Pounds for every such offence,

XIX. And be it enacted, that for the purpose of ascertaining the monthly average amount of Bank Notes of each Banker in circulation the aggregate of the amount of Bank Notes of each such Banker in circulation on every day of business during the first complete period of four weeks next after the tenth day of October, one thousand eight hundred and forty-four, such period ending on a Saturday, shall be divided by the number of days of business in such four weeks, and the average so ascertained shall be deemed to be the average of Bank Notes of each such Banker in circulation during such period of four weeks, and so in each successive period of four weeks, and such average is not to exceed the amount certified by the Commissioner of Stamps and Taxes as aforesaid.

A month is reduced to 4 weeks.

XX. And whereas, in order to insure the rendering the true and faithful accounts of the amount of Bank Notes in circulation, as directed by this Act, it is necessary that the Commissioners of Stamps and Taxes should be empowered to cause the Books of Bankers issuing such Notes to be inspected, as hereinafter mentioned; be it, therefore, enacted, that all and every the Book and Books of any Banker who shall issue Bank Notes under the Provisions of this Act, in which shall be kept, contained, or entered any account, minute, or memorandum of or relating to the Bank Notes issued or to be issued by such Banker, or of or relating to the amount of such Notes in circulation from time to time, or any ac-

The Bank of England and can cause an examination of the books of other Bankers.

count, minute, or memorandum, the sight or inspection whereof may tend to secure the rendering of true accounts of the average amounts of such Notes in circulation, as directed by this Act, or to test the truth of any such account, shall be open for the inspection and examination, at all seasonable times, of any officer of Stamp Duties authorised in that behalf by writing, signed by the Commissioners of Stamps and Taxes or any two of them; and every such officer shall be at liberty to take copies of or extracts from any such book or account as aforesaid; and if any Banker or other person keeping any such book, or having the custody or possession thereof, or power to produce the same, shall, upon demand made by any such officer shewing (if required) his authority in that behalf, refuse to produce any such book to such officer for his inspection and examination, or to permit him to inspect or examine the same, or to take copies thereof, or extracts therefrom, or of or from any such account, minute, or memorandum as aforesaid kept, contained, or entered therein, every such Banker or other person so offending shall for every such offence forfeit the sum of one hundred pounds: Provided always, that the said Commissioners shall not exercise the powers aforesaid without the consent of the Commissioners of Her Majesty's Treasury.

Care taken that there shall not be more than 6 partners in other Banks.

XXI. And be it enacted, that every Banker in England and Wales, who is now carrying on or shall hereafter carry on business as such, shall on the first day of January, in each year, or within fifteen days thereafter, make a return to the Commissioners of Stamps and Taxes at their Head Office in London of his Name, Residence, and occupation, or, in the case of a Company or Partnership, of the Name, Residence, and occupation of every person composing or being a member of such Company or Partnership, and also the name of the Firm under which such Banker, Company, or Partnership carry on the business of Banking, and of every place where such business is carried on; and if any such Banker, Company, or Partnership, shall omit or refuse to make such return within fifteen days after the first day of January, or shall wilfully make other than a true return of the persons as herein required, every Banker, Company, or Partnership, so offending shall forfeit and pay the sum of fifty pounds; and the said Commissioners of Stamps and Taxes shall on or before the first day of March, in every year, publish

in some Newspaper circulating within each Town or Country respectively a copy of the return so made by every Banker, Company, or Partnership carrying on the business of Bankers within such Town or County respectively, as the case may be.

XXII. And be it enacted, that every Banker who shall be liable by Law to take out a Licence from the Commissioners of Stamps and Taxes to authorize the issuing of Notes or Bills shall take out a separate and distinct Licence for every Town or Place at which he shall, by himself or his Agent, issue any Notes or Bills requiring such Licence to authorize the issuing thereof, anything in any former Act contained to the contrary thereof notwithstanding; Provided always, that no Banker who on or before the sixth day of May, one thousand eight hundred and forty-four, had taken out four such Licences, which on the said last mentioned day were respectively in force, for the issuing of any such Notes or Bills at more than four separate Towns or Places, shall at any time hereafter be required to take out or to have in force at one and the same time more than four such Licences to authorize the issuing of such Notes or Bills at all or any of the same Towns or Places respectively, such Bankers had on or before the said last mentioned day issued such Notes or Bills in pursuance of such Licences or any of them respectively.

XXIII. And whereas the several Bankers named in the Schedule hereto annexed marked (C.) have ceased to issue their own Bank Notes under certain agreements with the Governor and Company of the Bank of England; and it is expedient that such agreements should cease and determine on the thirty-first day of December next, and that such Banker shall receive by way of compensation such compensation as hereafter mentioned; and a list of such Bankers, and a statement of the maximum sums in respect of which each such Banker is to receive compensation, hath been delivered to the Commissioners of Stamps and Taxes, signed by the chief Cashier of the Bank of England: Be it, therefore, enacted, that the several agreements subsisting between the said Governor and Company and the several Bankers mentioned in the Schedule hereto relating to the issue of Bank of England Notes shall cease and determine on the thirty-first day of December next; and from and after that day the said Governor and Company shall pay and allow to the

The Bank of
England bought up
the issues of 43
Banks.

Limits the compen-
sation to the
circulation of the
Year 1845.

several Bankers named in the Schedule hereto marked (C.) so long as such Bankers shall be willing to receive the same, a compensation at and after the rate of one pound per centum per annum on the average amount of the Bank of England Notes issued by such Bankers respectively, and actually remaining in circulation, to be ascertained as follows: (that is to say,) on some day in the month of April, one thousand eight hundred and forty-five, to be determined by the said Governor and Company, an account shall be taken of the Bank of England Notes delivered to such Bankers respectively by the said Governor and Company within three months next preceding, and of such of the said Bank of England Notes as shall have been returned to the Bank of England, and the balance shall be deemed to be the amount of the Bank of England Notes issued by such Bankers respectively and kept in circulation; and a similar account shall be taken at intervals of three calendar months; and the average of the balance ascertained on taking four such accounts shall be deemed to be the average amount of Bank of England Notes issued by such Bankers respectively, and kept in circulation during the year one thousand eight hundred and forty-five, and on which amount such Bankers are respectively to receive the aforesaid composition of one per centum for the year one thousand eight hundred and forty-five; and similar accounts shall be taken in each succeeding year; but in each year such accounts shall be taken in different months from those in which the accounts of the last preceding year were taken, and on different days of the month, such months and days to be determined by the said Governor and Company; and the amount of composition payable as aforesaid shall be paid by the said Governor and Company out of their own Funds; and in case any difference shall arise between any of such Bankers and the Governor and Company of the Bank of England, in respect of the composition payable as aforesaid, the same shall be determined by the Chancellor of the Exchequer, or his Nominee, shall be final and conclusive; Provided always, that it shall be lawful for any Banker named in the Schedule hereto annexed marked (C.) to discontinue the receipt of such composition as aforesaid, but no such Banker shall by such discontinuance as aforesaid thereby acquire any Right or Title to issue Bank Notes.

XXIV. And be it enacted, that it shall be lawful for the said Governor and Company to agree with every Banker, who, under the provision of this Act, shall be entitled to issue Bank Notes, to allow to such Banker a composition at the rate of one per centum per annum on the amount of Bank of England Notes which shall be issued and kept in circulation by such Banker, as a consideration for his Relinquishment of the privilege of issuing his own Bank Notes; and all the provisions herein contained for ascertaining and determining the amount of composition payable to the several Bankers named in the Schedule hereto annexed marked (C.) shall apply to all such other Bankers with whom the said Governor and Company are hereby authorized to agree as aforesaid: provided that the amount of composition payable to such Bankers as last aforesaid shall in every case in which an increase of Securities in the Issue Department shall have been authorized by any order in Council be deducted out of the amount payable by the said Governor and Company to the Public under the provisions herein contained: Provided always, that the total sum payable to any Banker, under the provisions herein contained, by way of composition as aforesaid, in any one year, shall not exceed, in case of the Bankers mentioned in the Schedule hereto annexed marked (C.) one per centum on the several sums set against the names of such Bankers respectively in the List and Statement delivered to the Commissioners of Stamps as aforesaid, and in the case of other Bankers shall not exceed one per centum on the amount of Bank Notes which such Bankers respectively would otherwise be entitled to issue under the provisions herein contained.

XXV. And be it enacted, that all the Compositions payable to the several Bankers mentioned in the Schedule hereto marked (C.) and such other Bankers as shall agree with the said Governor and Company to discontinue the issue of their other Bank Notes as aforesaid, shall, if not previously determined by the Act of such Banker as hereinbefore provided, cease and determine on the first day of August, one thousand eight hundred and fifty-six, or on any earlier day on which Parliament may prohibit the Issue of Bank Notes.

XXVI. And be it enacted, that from and after the passing of this Act, it shall be lawful for any Society or Company or any person in Partnership, though exceeding six in number, carrying on the business of Banking

In order that the circulation of Bank of England Notes shall extend, Country Banks of issue are to be paid 1 per cent, on all they keep in circulation in lieu of their own but they are not to be paid for any increase beyond the Amount they had relinquished.

This 1 per cent. is to be paid by the country when Government securities exceed the agreed amount which they invariably do.

If for an issue of Notes the Bank is willing to pay 1 per cent, how is it the country does not receive 1 per cent for allowing the Bank to issue 36 millions of Notes? This would amount to £360,000 per annum.

Payments to Bankers to last for 12 years only.

Very kind indeed to allow firms to accept Bills; I wonder what would happen if it were stopped?

Our Cormorant here gobbles up every thing that can come within its range in the way of Banking gains.

Somewhat artful, and rather serious.

The Country can give 12 Months notice of a desire to terminate so foolish an arrangement—why does the country not do so?

in London, or within sixty-five miles thereof, to draw, accept, or endorse Bills of Exchange, not being payable to Bearer on Demand, anything in the hereinbefore recited Act passed in the Fourth year of the Reign of his said Majesty King William the Fourth, or in any other Act, to the contrary notwithstanding.

XXVII. And be it enacted, that the said Governor and Company of the Bank of England shall have and enjoy such exclusive Privilege of Banking as is given by this Act, upon such terms and conditions, and subject to the termination thereof at such time and in such manner as is by this Act provided and specified; and all and every the powers and authorities, franchises, privileges and advantages, given or recognised by the said recited Act passed in the Fourth year of the Reign of His Majesty King William the Fourth, as belonging to or enjoyed by the said Governor and Company of the Bank of England, or by any subsequent Act or Acts of Parliament, shall be and the same are hereby declared to be in full force, and continued by this Act, except so far as the same are allowed by this Act, subject nevertheless to redemption upon the terms and conditions following; (that is to say,) at any time upon twelve months' notice to be given after the first day of August, one thousand eight hundred and fifty-five, and upon re-payment by Parliament to the said Governor and Company or their Successors of the sum of eleven millions, fifteen thousand, and one hundred pounds, being the Debt now due from the public to the said Governor and Company, without any deduction, discount, or abatement whatsoever, and upon payment to the said Governor and Company, and their Successors of all arrears of the sum of one hundred thousand pounds per annum, in the last-mentioned Act mentioned, together with the interest or Annuities payable upon the same Debt or in respect thereof, and also upon repayment of all the principal and interest which shall be owing unto the said Governor and Company and their Successors upon all such Tallies, Exchequer Orders, Exchequer Bills, or Parliamentary Funds, which the said Governor and Company or their Successors may have remaining in their hands or be entitled to at the time of such notice to be given as last aforesaid, then and in such case, and not till then, the said exclusive privileges of Banking granted by this Act shall cease and determine at the expiration of such notice of twelve months; and any Vote or Resolution of the House of Commons, signified under the

hand of the Speaker of the said House in writing, and delivered at the public office of the said Governor and Company, shall be deemed and adjudged to be a sufficient notice.

XXVIII And be it enacted, that the term "Bank Notes" used in this Act shall extend and apply to all Bills or Notes for the payment of money to the Bearer on Demand other than Bills or Notes of the Governor and Company of the Bank of England; and that the term "Bank of England Notes" shall extend and apply to the Promissory Notes of the Governor and Company of the Bank of England payable to Bearer on Demand; and that the term "Banker" shall extend and apply to all corporations, societies, partnerships, and persons, and every individual person carrying on the business of Banking, whether by the Issue of Bank Notes, or otherwise, except only the Governor and Company of the Bank of England; and that the word "Person" used in this Act shall include corporations; and that the Singular Number in this Act shall include the Plural Number, and the Plural Number the Singular, except where there is anything in the context repugnant to such construction; and that the Masculine Gender in this Act shall include the Feminine, except where there is anything in the context repugnant to such construction.

XXIX. And be it enacted, that the Act may be amended or repealed by any Act to be passed in the present Session of Parliament.

The London Bankers memorilized against the Act *before* it passed, the late Mr. Joseph Hume was one of its greatest opponents.

A Committee of the House of Lords reported as follows :—*see* Lords' Report, XLIV,

If this Committee considered that the Act of 1844 which they desire to see amended so far as its restrictive clauses are concerned was essential to the practical convertibility of the note, they would hesitate to recommend any change, but it should never be forgotten that the liability of the Bank consists in its deposits as well as its promissory Notes, the legal obligation to discharge both is the same, the failure of either would be equally

fatal. The protection given by the Act of 1844 is mainly to the Bank Notes, and in some degree at the risk of the depositors. This appears undeniable on comparing the reserve in the third week in October, with the amount of private deposits. Had any unfortunate circumstance interfered with the power of meeting the latter engagements, or had the Treasury letter not been written, there seems little doubt of the fatal consequences that must have ensued. Had it been impossible to pay the deposits a discredit to the Bank Note must have been the consequence ; nor can it rationally be questioned but that such a misfortune might have exposed to risk the the convertibility of the Bank notes.

Mr. Glynn says to the Lords' question, No. 1906. "The cause of the panic was the restriction to 14 millions."

Samuel Gurney was asked by the Commons :

Ques., 1630.—"What is your opinion of the effect of the Act of 1844, in securing the Convertibility of the Note?"

Ans. ,, " My apprehension is, that in a time of alarm it tends to increase that alarm, and that by so increasing the alarm it tends to increase the danger of the ultimate convertibility of the Note."

Ques., 1665.—He states "In my judgment the Act has failed in securing safety."

137 firms failed in 1847 for 8 millions.

During the late panic the author addressed the following letter to the Chancellor of the Exchequer, the Right Hon. George Cornwall Lewis, to which he craves the attention of the gentleman who now holds that office :—

" SIR,

" You received a letter from the Bank of England stating the amount of their advances on the day of May 11th to have been 4 millions ; this sum was advanced in notes and not in gold, so what harm could accrue to the Bank?

If there had been a run upon the Gold the Bank might have had cause for fear, but the Gold remained in her vaults uncalled for.

May I ask you Sir, what was the late panic? It was not a thousand persons running to borrow money, but thousands running to draw out their own money from the Banks which they mistrusted, for which they were content to take Bank of England notes. What would have been the result had those thousands clamoured for Gold? No doubt a suspension of cash payments. THAT may occur on the next panic.

On the very day of the panic you, Sir, held at your command in the Bank of England upwards of five millions of the nations money in cash, why then did you suspend the Bank Charter Act when you had the power to say lend out my five millions to the country, on good Government securities?

In your letter you lead the country to believe that the public will have the benefit of the Bank of England, advances made after your suspension of the Act, at 10 per cent., which they positively received from an alarmed public.

Now it cannot have escaped the mind of so great a man that the Bank had then left a reserve of 13 millions in Gold, and 3 millions in notes, and these must both have been exhausted before the public could be allowed to participate in the gains of the Bank of England.

The effect of your letter is simply to say, that the Bank may lend as much as it likes, and after it has lent 16 millions more at 10 per cent. per annum, the country may have the profits on all paid after deducting expenses, and this most unlikely and remote chance of profit will, as in past times actually amount to nothing.

Do you consider Sir, that in times of such fearfull distress amongst the commercial community that it is just, proper nay honest to encourage the Bank of England to charge 10 per cent. for the loan of Bank notes issued in defiance of the Act of 1844, without any security, to a needy public, even on your own Government securities, which pay the holders only 3 per cent.

Is this, Sir, not taking advantage of the needy trading community, or acting like that, despicable of characters a grasping and greedy money lender? Wise as you are, this is not wisdom!

The promise was implied that they might charge higher too! Why not have acted the part of a great financier, who can afford to be generous?

You could have given them relief immediately by commanding an issue of 5 millions of notes to be lent at 4 per cent, on Government securities. You could have lent your own 5 millions then in the hands of the Bank at the same price; thus would you have entirely relieved the whole commercial community of England, put £500,000 into your own pockets, and at once have reduced the rate of interest everywhere.

I have the honour to be,

Your faithful Servant,

JAMES ROBERTS."

CONCLUSION.

The inferences to be drawn, and the conclusion to be arrived at from the foregoing statistical arguments all point to the fact that the Bank of England is the CORMORANT of commerce that swallows all that arises within its range. Yet, so fascinating is it either from its great and acknowledged power, wealth, and influence, which have gradually been accorded to it by the pouring into its coffers of the largest portion of the moneys of the Banks, people, and the state, that at last she becoming firmly fixed in her position, is an object of fear and dread to those who have been and are still the bone, sinew, and muscle of the monster.

What then is the course to pursue ?

- 1st. Re-pay the Bank her 14 millions.
- 2nd. Abolish the Bank Charter Act.
- 3rd. Establish a Bank of the nation for the issue of notes secured and convertible.
- 4th. Let 5 per cent. be the maximum rate of interest charged by the Bank of the nation.
- 5th. Discourage foreign fixed investments of British Capital at present.
- 6th. Encourage legitimate commerce and the legitimate trader.
- 7th. Stop by legal enactment, swindling schemes, and bubble companies.
- 8th. Establish a Government Loan Society and destroy the whole fry of petty swindlers of this class.



